

**7/18/78 [2]**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

| FORM OF DOCUMENT | CORRESPONDENTS OR TITLE   | DATE               | RESTRICTION  |
|------------------|---|--------------------|--------------|
| Memo             | <del>Attorney General's Office to Pres. Carter, 1 pg.</del><br>re: Informants <i>Open 8/9/93</i>            | <del>7/14/78</del> | <del>C</del> |
| Memo             | Kraft & Gammill to Pres. Carter, w/attachments 9 pp.,<br>re: recommendations for Civil Aeronautics Board    | 7/18/78            | C            |
| Memo             | Calif no to Pres. Carter, w/attachments 12 pp.,<br>re: recommendations                                      | 7/18/78            | C            |
| Report           | <del>Weekly Legislative Report, w/attachments 13 pp.</del><br><i>Open per RAC NLC-126-13-22-1-1, 6/12/0</i> | 7/18/78            | A            |

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File, 7/18/78 [No. 2] Box 95

## RESTRICTION CODES

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THE WHITE HOUSE  
WASHINGTON  
July 18, 1978

Tim Kraft  
Jim Gammill

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

US RAILWAY ASSOCIATION

THE WHITE HOUSE

WASHINGTON

July 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

JIM GAMMILL *Jim G*

SUBJECT:

U.S. Railway Association

The U.S. Railway Association (U.S.R.A.) is an independent non-profit government corporation. It was established in 1974 to plan and finance a new rail system for the north-east region of the United States.

U.S.R.A. designed Conrail, the rail freight counterpart to Amtrak, and is now responsible for administering the federal aid that subsidizes it. By 1979, the Federal Government will have spent more than \$2 billion to support Conrail.

There are eleven members of the Board of Directors. These include the Chairman of the ICC and the Secretaries of Transportation and Treasury and eight public members. Earlier this year you approved William Smith to be Chairman and Don Cole as President of U.S.R.A.

There are five terms that have expired or are vacant. The statute requires that you select the nominees from lists submitted by the following organizations: labor, management, small shippers, large shippers, National Governors Association.

RECOMMENDATION

Secretary Adams joins us in recommending that you nominate the proposed individuals as Directors of the U.S. Railway Association.

✓ approve

                     disapprove

*[Handwritten signature]*

sk  
J

James Burke - Railroad Labor Candidate

Mr. Burke, of New Jersey, has been a railroad employee since 1941. He has held local and national office in the Brotherhood of Railroad Trainmen and United Transportation Union. He was appointed in July 1974 to be the Labor Member to U.S.R.A. and railway labor and the AFL-CIO unanimously recommend his reappointment.

Robert Flannery - Railroad Management Candidate

Mr. Flannery is currently President and Chief Executive Officer with Western Pacific Railway Company. He started his career with New York Central Railroad in 1948 in the Engineering Department. In 1968 he became Vice President for Systems with Penn Central. He enjoys a reputation as a strong and enlightened manager. Mr. Flannery is from California and expands U.S.R.A.'s geographical distribution to the West.

Nathaniel Welch - Small Shipper Candidate

Mr. Welch is Executive Vice President of the Georgia Freight Bureau. He is on the Executive Committee of the Small Shippers Transit Conference. He is considered one of the most active and innovative members. His knowledge of the needs of small shippers will be an asset. U.S.R.A. tries to attract more small shippers to using Conrail.

Stanton Sender - Large Shipper Candidate

Mr. Sender is currently Transportation Counsel for Sears, Roebuck & Company. He is active in numerous transportation organizations and has spent his career both within the government and in private industry dealing with transportation related problems. Mr. Sender is considered one of the most knowledgeable people in the country on rail transportation. Sender worked for and maintains a close friendship with Senator Magnuson.

Thomas Salmon - Governors' Candidate

If selected, Former Governor Salmon would represent not only the Governors, but also the Northeast Corridor, the heart of the rail industry. Salmon has no direct experience in rail transportation but is highly regarded by his colleagues. He was twice elected as Chairman of the New England Governor's Conference. Duties with his law firm will allow him to devote sufficient time to U.S.R.A. Speaker O'Neill supports his nomination.

JAMES E. BURKE  
Freehold, New Jersey

PROFESSIONAL:

|                |  |
|----------------|--|
| 1974 - Present | United States Railway Association,<br>Labor Member, Board of Directors                                 |
| 1966 - 1974    | Brotherhood of Railroad Trainmen,<br>Full Vice President   |
| 1963 - 1965    | Pennsylvania Railroad - Lines<br>East - Secretary and Vice<br>Chairman, General Grievance<br>Committee |
| 1949 - 1963    | Brotherhood of Railroad Trainmen,<br>various elected positions on<br>local level                       |
| 1941 - 1949    | Pennsylvania Railroad, New York<br>Region  |

EDUCATION:

|      |   |
|------|---|
| 1936 | Bryant High School, Long Island<br>City, New York |
|------|---|

CIVIC ACTIVITIES:

Member, United Transportation Union Board of Directors

PERSONAL:

White Male  
Age 58  
Democrat

ROBERT G. FLANNERY  
San Francisco, California

PROFESSIONAL:

|                |  |
|----------------|--|
| 1971 - Present | Western Pacific Railroad Company,<br>Since 1975: President and Chief<br>Executive Officer; 1973 - 1975:<br>President; 1971 - 1973: Execu-<br>tive Vice President     |
| 1968 - 1970    | Penn Central Transportation Company,<br>1970: Executive Vice President<br>1969: Vice President-Operation<br>1968: Vice President, Systems<br>Development             |
| 1948 - 1967    | New York Central Railroad,<br>1948: Engineering Department;<br>promoted to positions of increas-<br>ing responsibility; 1967: Vice<br>President, Systems Development |
| 1943 - 1945    | U.S. Navy, Radar Technician  |

EDUCATION:

|      |   |
|------|---|
| 1967 | Massachusetts Institute of Technology,<br>Systems Management Course |
| 1965 | Harvard Business School, AMP  |
| 1948 | Purdue University, B.S.C.E.   |

CIVIC ACTIVITIES:

World Trade Club, San Francisco  
Harvard Business School Club of North Carolina  
Commonwealth Club of California

PERSONAL:

White Male  
Age 53  
Democrat

NATHANIEL WELCH  
Atlanta, Georgia

PROFESSIONAL:

|                |   |
|----------------|---|
| 1975 - Present | Georgia Freight Bureau, Inc.,<br>Executive Vice President   |
| 1968 - 1974    | Atlanta Community Relations<br>Committee, Executive Director  |
| 1963 - 1968    | Southern Interstate Nuclear Board,<br>Federal Representative, Appointed<br>by President Kennedy               |
| 1961 - 1963    | Electronics for Education, Inc.,<br>Co-Founder and Vice President   |
| 1953 - 1960    | ORRadio Industries, Vice President;<br>When company merged with Ampex<br>Corporation, named Marketing Manager |
| 1952 - 1953    | WABT Television Station (Alabama),<br>Advertising Account Executive   |
| 1947 - 1952    | Southern Farmer Magazine, Advertising<br>Representative   |
| 1942 - 1947    | U.S. Navy   |

EDUCATION:

|             |                                    |
|-------------|------------------------------------|
| 1938 - 1942 | Furman University, A.B., Cum Laude |
|-------------|------------------------------------|

CIVIC ACTIVITIES:

National Small Shipments Traffic Conference, Executive  
Committee  
National Industrial Traffic League, Legislative  
Committee, Southeastern Chairman  
Atlanta Rotary  
Furman University, Alumni Board  
Various Human Rights Committees, Federal, Georgia  
and Alabama

PERSONAL:

White Male  
Age 58  
Democrat



STANTON SENDER

PROFESSIONAL:

|                |  |
|----------------|--|
| 1969 - Present | Transportation Counsel, Sears and Roebuck and Company                                |
| 1963 - 1969    | Transportation Counsel and Surface Transportation Counsel, Senate Commerce Committee |
| 1961 - 1963    | Attorney, Office of General Counsel Interstate Commerce Committee                    |
| 1957 - 1961    | Assistant Attorney General, Olympia, Washington                                      |
| 1956 - 1957    | Attorney, Attorney General's Office Seattle, Washington                              |

EDUCATION:

|             |  |
|-------------|--|
| 1953 - 1956 | Harvard Law School                             |
| 1949 - 1953 | Harvard College, (Honors in Political Science) |

TRANSPORTATION ACTIVITIES:

|             |  |
|-------------|--|
| 1973 - 1977 | National Industrial Traffic League<br>Currently National Treasurer<br>Also served on Legislative Committee and as a member of the Board of Directors |
| 1973 - 1977 | American Retail Federation, Transportation Committee   |
| 1973 - 1977 | National Retail Merchants Association, Transportation Committee  |
| 1973 - 1977 | Transportation Association of America  |
| 1973 - 1977 | Hazardous Materials Advisory Committee   |
| 1977        | Chairman, Federal Bar Association Transportation Council   |
| 1977        | Adjunct Professor, Transportation Regulation, Georgetown University Georgetown Law Center  |

PERSONAL:

White Male  
Age 46  
Independent

THOMAS P. SALMON  
Bellows Falls, Vermont

PROFESSIONAL:

|                |  |
|----------------|--|
| 1978 - Present | Attorney, in private practice                      |
| 1973 - 1977    | Governor, State of Vermont                         |
| 1969 - 1970    | State House of Representatives,<br>Minority Leader |
| 1965 - 1970    | State House of Representatives                     |
| 1963 - 1965    | Municipal Court Judge                              |
| 1959 - 1962    | Town Counsel, Rockingham, Vermont                  |

EDUCATION:

|      |                                       |
|------|---------------------------------------|
| 1958 | New York University Law School, LL.M. |
| 1957 | Boston College Law School, J.D.       |
| 1954 | Boston College, A.B., History         |

CIVIC ACTIVITIES:

Council for Northeast Economic Activity, Board of  
Directors

Green Mountain Council of Boy Scouts of America,  
Executive Committee

First Vermont Bank and Trust Company, Board of  
Directors

Green Mountain Power Corporation, Board of Directors

Board of Trustees of Windsor, Inc., Member

PERSONAL:

White Male  
Age 46  
Democrat

# the christian CENTURY

JULY 19-26, 1978



2

## Canada's Churches en Route to the '80s

'The Churches: Where from Here?' Series

Tom Sinclair-Faulkner

## The Jewishness of Jesus

George H. Ball

## Proposition 13 and Its Meaning for Christians

Richard W. Gillett

Report from Johannesburg

A Post-Bakke Proposal



THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

ok  
J

July 15, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CLS</sup>  
Barry Bosworth <sup>BB</sup>  
Subject: Postal Labor Negotiations

The current negotiations between the Postal Service and the four labor unions representing postal workers will establish an important precedent for the new bargaining round beginning in early 1979. A postal agreement will be the last highly visible collective bargaining settlement prior to the new bargaining round that begins in early 1979.

Furthermore, these negotiations represent the last chance to sever the link between the 1976-77 bargaining round and major upcoming negotiations. Since the coal and rail settlements perpetuated the pattern of three-year agreements in excess of 30 percent, it is important to have at least one group of workers -- in addition to Federal employees -- who have experienced some deceleration from prior agreements. We need a favorable development here to have any chance of maintaining some momentum for the anti-inflation program as we move into the Teamsters' negotiations, which will begin this fall.

Background

The case for wage restraint among postal workers is quite strong. Postal workers' wage increases have far exceeded those of the average worker in the 1970s.

- o Average hourly earnings of postal workers have risen 87 percent since 1971, reaching \$8.00 per hour early this year. By contrast, the average hourly earnings of private nonfarm workers grew 64 percent over this period, to \$5.51 per hour.

- o Postal wage increases have outpaced the gains of Federal workers, and their fringe benefits are somewhat better.
- o In addition, the original linkage for comparing postal and Federal wage scales was highly favorable to postal employees as they are compared to college trained government workers.
- o The existing postal agreement that expires July 20 raised hourly compensation by about 24 percent over three years and was more moderate than the prior agreements.
- o There is an obvious comparison to Federal employees, whose wage increases will be limited to 5.5 percent.
- o Postal workers also have a "no layoff" clause, guaranteeing that job elimination will occur only through attrition.
  - Since 1971, 73,000 postal jobs have been eliminated.
  - A reliable estimate of productivity is not available, but a rough indication suggests that productivity gains in the 1970s have been about in line with the sluggish performance of productivity in the overall economy.
- o Labor costs account for 86 percent of total postal costs. Thus, future postal rates will be closely tied to postal costs.

#### Timetable

- o It is doubtful that an agreement will be concluded before the old contract expires. Negotiations currently are temporarily stalled, and there is less than a week remaining before the contract expires.
  - Economic terms have just recently begun to be discussed.

-3-

- The unions have made an unrealistic opening wage demand of 30 percent over two years.
- The Postal Service has presented a low initial offer that was rejected out of hand by the unions.
- We believe that a final agreement calling for annual wage gains (including cost of living) that do not substantially exceed the 5.5 percent increase for Federal workers (17-1/2 percent compounded over three years) is justified and needed to strengthen the anti-inflation program.
- o The Postal Service leadership strongly wants a moderate settlement; they have promised to consult with us before making any offer which might ultimately lead to an undesirably high settlement.
- o FMCS Director Horvitz has now entered the discussions. He understands the importance that we attach to these negotiations.
- Both sides to the negotiations lack experienced representatives, and the union leaders cannot fully control their members.
- If progress is being made, negotiations will continue beyond the July 20 contract termination.
- o The appointment of a fact-finding board is a possible development in the near future and is the first step required by the legislation that outlaws strikes.
- It is triggered by the inability of the parties to make real headway on the major issues.
- The fact-finding period would run for 45 days (until about September 5).
- It is supposed to be followed by an additional 45 days of negotiations (until about October 20).

*I agree*

*good -  
back them  
if reasonable*

- The fact-finding committee would include one representative appointed by labor, one by management, and a third selected by the other two (if the two parties can't agree, the third is selected by the FMCS). All of these members are drawn from a 15 person list prepared by FMCS.
- o The next step would involve binding arbitration within 45 days (about December 2). The Arbitration Board would consist of one labor advocate, one management advocate, and one representative appointed by FMCS.
- Because arbitrators tend to split the difference, it is important that the formal management offer not be allowed to drift too high as long as this possibility is likely.
- o A strike or work slowdown, although illegal, is almost certain to occur any time after the contract expiration date, even if the impasse resolution procedures permitted by legislation are in progress. It would probably be of a selective, wildcat nature, involving the big cities -- particularly, New York, Los Angeles, Chicago.
- A strike by postal workers may cause some short-term dislocations or turmoil, as well as a bit of political heat, but it is unlikely either to damage the economy seriously or to rally widespread public support for postal workers.
- We have one analysis of a 1975 general postal strike in Canada of 40 days that suggests that there would be minimal economic harm but considerable inconvenience in those areas affected by a strike.
- The impact would be much less in the United States because it will not be nationwide, it is not the Christmas season, and we have more available substitute delivery systems.

- As in 1970, you may be asked to declare a national emergency in order to use again Federal troops for mail handling.

Strategy

- o We should be prepared to accept a series of wildcat strikes of some duration, if necessary to produce a non-inflationary settlement, given the attitudes of the Postal Service management. We do have to refrain from putting any pressure on management to settle in order to avoid a strike. We must also be prepared to put into effect the contingency measures developed by DOD and Postal Service to deal with a strike (see below). *J agree*
- o It will be important to avoid a public confrontation between the Administration and the unions.
  - We could provoke an adverse union reaction and provide a rallying point for union intransigence. A strike against government interference would be more emotional and harder to back down from than a strike over money.
  - This is particularly true in light of elections in two important unions in August and September.
  - We will continue to keep in close touch privately with the Postal Service leadership.
  - There are many work rule issues on both sides that may at some stage be traded for a low money wage increase.
- o We will need to avoid reference to specific numbers, although there is an obvious comparison to 5.5 percent for Federal employees.
  - We could inadvertently set a floor on the settlement above what the Postal Service could achieve on its own.



- o In a similar vein, it would be prudent not to discuss strike preparations publicly.
  - DOD and Postal Service have developed contingency plans, and if you have no objections, CWPS and the Domestic Policy Staff will keep abreast of this planning.
  - In response to inquiries, we can indicate in a matter-of-fact fashion that such contingency plans exist, but that this is in the normal course of government planning.
- o Thus, our current efforts to obtain a non-inflationary settlement should concentrate on:
  - Ensuring that an outbreak of wildcat strikes does not lead to pressure on management to raise this offer.
  - Ensuring that the contingency plans include the most effective means of moderating the disruptive impacts of strikes.
  - Ensuring that there is an effective presentation to the fact-finding panel of our inflation concerns, if it should prove necessary.
  - These negotiations should be kept out of the White House and Department of Labor with Wayne Horvitz keeping the Administration informed of their status.
- o We will keep you closely informed as the negotiations evolve.
- o We will work with Stu Eizenstat, Jack Watson, and Landon Butler to ensure that Administration policy and potential actions remain coordinated.

THE WHITE HOUSE  
WASHINGTON

July 18, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson

WEEKLY LEGISLATIVE REPORT

~~CONFIDENTIAL ATTACHMENT~~

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-13-23-1-1  
BY: SS NARA DATE 6/10/17

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| <input type="checkbox"/> | KREPS       |
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| <input type="checkbox"/> | VANCE       |

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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

July 15, 1978

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE  
SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-13-23-1-1

BY: 125 NARA DATE: 6/10/13

1. NATIONAL ENERGY ACT

--Energy Taxes: Senate/House Conferees, in recess since December 1977, met on July 13 without coming to any resolution. Chairman Ullman said the COET issue remains very controversial and that the pricing problem might have to be resolved in another arena. Senator Long commented that the Energy Tax Conferees should not make any decisions until the Natural Gas Bill has been firmly decided on. He is agreeable, however, to further meetings for general overview purposes. He was not prepared to respond to a Brown (R-Mich) request that Conferees reaffirm their position on the gas guzzler tax.

--Conservation: DOE reports nothing new on when House/Senate Conferees will meet on the gas guzzler ban.

--Coal Conversion: Senate Floor action on Coal Conversion Conference to report H.R. 5146 began Friday. It is expected that the Senate will vote on it favorably on Tuesday at 2:00 p.m.

2. DOE AUTHORIZATION

--Wright Amendment to broaden the stripper well definition was ruled in order by the Rules Committee. I will brief you on this.

--Clinch River Breeder Reactor: On Friday the Flowers Amendment to cut \$154 million was defeated 187 to 142. We are reviewing the list of 106 absentees to determine whether another attempt should be made -- it does not look encouraging.

3. TAX PROPOSAL

--The Ways and Means Committee is likely to return to mark-up on the Tax Bill on Thursday. The Committee seems to be headed for a confrontation between the backers of the Jones compromise (Jones, Ullman, 7-10 Democrats, and the Republicans) and the Fisher compromise (12-15 Democrats).

--Treasury and WH CL have been spending the last ten days trying to avoid this confrontation, working with the Chairman, the Speaker, Rostenkowski, and the Fisher group.

--Secretary Blumenthal and Stu are meeting with Rostenkowski on Tuesday.

#### 4. REORGANIZATION

--Civil Service Reform: The House Post Office and Civil Service Committee met on Tuesday, Wednesday and Thursday to continue mark-up on the reform bill. Significant progress was made in completing Title III, V (merit pay for supervisors), and VI (research and demonstration authority) leaving only Title IV (Senior Executive Service) and Title VII (labor management relations) to complete before voting the bill out of committee.

--On Wednesday, Clay offered his amendment to add the Hatch Act Reform Act as Title VIII to the Civil Service bill, but failed by a vote of 10 to 11. Clay was furious and by Thursday afternoon he was ready to push for a motion to reconsider which was offered and carried. The vote on Thursday was 13 to 10 in favor of Clay. Our position was to continue to disagree with the tactic of adding Hatch Act reform to this bill, but there was little we could do to stop the reconsideration. Spellman and Ryan, who had not voted on Wednesday, voted with Clay (Ryan by proxy) on Thursday. Nix switched his vote to Clay. He was the last to vote and Clay had already won so Nix's vote made no difference. The Committee action has infuriated the Republicans--not, however, to the point of turning them against the bill. They are working on ways to delete the title before there is a final vote on the bill. We are discussing various possibilities in this regard with Udall as well.

--It is difficult to assess where we stand on labor-management relations because of the action on Hatch Act. We have submitted our amendments (to Ford, Clay, Solarz and Udall) to bring the title back toward our proposal. The Ford/Clay group is planning to submit substitutes or amendments to ours and we will "slug it out." We have made no commitments regarding floor action on the title.

--The Committee will meet Monday at 2:00 p.m. to continue with Title IV. Chairman Nix and Udall will schedule Committee meetings next week to complete action on the bill by Thursday evening.

--The Senate Governmental Affairs Committee and the House Government Operations Committee will meet next week to take formal action on the Civil Service Reorganization Plan (#2). We do not expect much difficulty.

--Department of Education: July 11, the Senate Governmental Affairs Committee (Ribicoff) began mark-up on S. 991 to establish a separate Department of Education. The Committee agreed by voice votes to amendments by Chairman Ribicoff to eliminate Head Start programs and by Senator Humphrey to transfer certain programs from HEW's Rehabilitation Services Administration. An amendment by Senator Stevens to remove Bureau of Indian Affairs schools from the proposed new Department was rejected by a vote of 7 to 2.

--On Friday, July 14, we won an important vote to keep nutrition programs in the Department. Two hurdles remain with Roth amendments on busing and affirmative action. The bill should be reported next week.

--The Committee will hold the bill for two weeks following final Committee action so that amendments and comments by all Senators may be incorporated in the Committee's report on the bill.

--Emergency Preparedness: Responses to questions raised by Members of the House and Senate have been submitted, and we are continuing to negotiate the outstanding issues (broad vs. narrow department and classification of regional directors). The 30-day amendment period expires July 29.

--Border Management: We are currently reassessing major interest group opposition (National Rifle Association and Hispanics) and working through the clearance process in anticipation of submitting the plan this week.

#### 5. DEBT LIMIT

--Since the Republicans have served notice that they will be of no help to us on the Debt Limit Extension, the House leadership is going to make a concentrated effort to make the matter a party issue and pass it on the first vote. The Speaker held a meeting on Friday attended by WH CL and Treasury to define responsibilities.

#### 6. HOSPITAL COST CONTAINMENT

--July 11, the House Commerce Committee continued mark-up. A motion by Rep. Satterfield to strike Title II (the cap on hospital capital investments of more than \$150,000) from the bill failed by a vote of 20 to 21. Rep. Carter, voting against the Satterfield motion to strike, then offered an amendment to increase the capital limit from \$3 to \$4 million with the increase to come only from private philanthropy. Carter's amendment was adopted by a voice vote.

--Opponents of the bill plan to introduce numerous weakening amendments, recognizing that the fragile majority for support continues to shift from amendment to amendment and that further delays clearly work in their favor. The Committee is scheduled to meet on Tuesday.

#### 7. ELEMENTARY AND SECONDARY EDUCATION

--Before overwhelmingly approving the elementary and secondary education reauthorization package, the House agreed to an impact aid compromise which HEW, OMB, DPS and WH CL worked out with the education groups and Rep. Perkins and Ford. The impact aid cut reduced the authorization in the Committee bill by more than \$200 million.

--Major amendments which would have weakened the ESEA package were all defeated, and two John Ashbrook proposals which would have been most damaging were convincingly rejected. The first would have eliminated our concentration provision in Title I. The second proposed to consolidate most Federal education programs into state block grants, thereby eliminating targeting.

--With the exception of the impact aid area, the ESEA bill reflects most of the major provisions recommended in the Administration's bill.

## 8. OIL IMPORT FEES

--On July 10, the Senate Subcommittee on Energy Conservation and Regulation held a hearing on oil imports and domestic refining. Chairman Johnston spoke of legislation to establish statutory policies to reverse the impact of DOE's "subsidizing imports." The legislation would probably remove entitlements authority so as to reduce the impact of import fees on eastern seaboard states. The move is seen as the latest step in the industry's attack on the import fee authority. The majors hope to eliminate the oil import fee as a viable option and defeat COET politically, thereby leaving decontrol as the only option available to obtain higher prices and lower imports of foreign oil.

## 9. URBAN POLICY

--Labor Intensive Public Works: Commerce, DPS and WH CL are meeting with members of the Public Works Committees. Following your meeting with Johnson, Roe and Burdick, Commerce, DPS and CEA developed a "composite LIPW/LPW program" to fit within the \$1 billion target for FY 79.

--National Consumer Co-Op Bank: Approved by the Senate last Thursday by a vote of 60 to 33.

--Supplemental Fiscal Assistance: Treasury and Wexler are working with outside interest groups. Chairman Fountain still has not committed on a mark-up date.

--State Incentive Grants: HUD reports much controversy in the Senate Banking Committee following hearings last week. Muskie's subcommittee of Governmental Affairs also held hearings last week and probably will schedule mark-up for late this month or early next. Muskie seems committed to vesting some coordination authority in the White House and to increasing the level of funding.

--The Housing Subcommittee of House Banking has scheduled hearings for August 8, 9, 10.

--HUD, Wexler and WH CL are working with outside interest groups in an effort to resolve differences. Unless this bill can be attached to the HUD authorization in the Senate, passage this year is not likely.

## 10. NEW YORK FINANCING

--House/Senate Conferees agreed on \$1.65 billion in federal loan guarantees on Thursday. Long-term guarantees for four years are \$500 million, \$500 million, \$325 million and \$325 million respectively. Short-term authority of \$250 million for the first year is also included (\$75 million of the first year's long-term authority could also be transferred to the short-term pot). Proxmire prevailed with a one house veto provision for years two and three.

11. SURFACE TRANSPORTATION

--Ways and Means worked two days last week on the Trust Fund. Rep. Howard testified saying he would offer floor amendments to cut highway spending by \$1 billion and transit levels by \$40 million. This seemed to take some of the impetus from Gibbons-Conable--the effect of which would be about a \$3 billion cut.

--The Committee will take it up again July 24 (Gibbons is to have surgery this week). WH CL and OMB will meet with DOT this week to review strategy.

12. LABOR LAW REFORM

--It appears less and less likely a bill will re-emerge from Committee this year. DOL and WH CL are remaining publicly optimistic and are continuing to work closely with Labor.

13. HUMPHREY-HAWKINS

--The Banking Committee version has two wholly crippling amendments (0% inflation goal in five years and a requirement that Federal spending be limited to 20% of GNP).

--It appears that Banking and Human Resources will each report its own bill. Senator Byrd is supportive of the Administration's position and will be helpful in establishing a good procedural approach.

--The bill must be resolved satisfactorily on the Senate floor or the civil rights/labor coalition will withdraw their support and seek the bill's defeat.

14. HOUSING AND COMMUNITY DEVELOPMENT

--The House is scheduled to resume consideration of the HUD authorization bill this week. HUD predicts that the Abdnor amendment to reverse its field reorganization will be defeated.

--The Senate is also scheduled to take up the HUD authorization bill this week. It is possible that some elements of the Urban Policy package will be offered as floor amendments. Most likely is the Neighborhood Self-Help provision. Other possibilities -- Livable Cities and State Incentive Grants.

15. ALASKA D-2 LANDS

--Senator Gravel raised points of order last week to the committee meeting for mark-up while the Senate was in session. Senator Stevens is now talking and acting compromise.

--Interior is doing a vote count and is hopeful of getting enough to assure Byrd of passage of any cloture resolution.



16. LOBBY REFORM

--Although important to the Administration, the House-passed bill is apparently not on Senator Byrd's preliminary list. Once it emerges from the Governmental Affairs Committee, probably in late July, it may be necessary for the Vice President or you to speak directly to Senator Byrd about scheduling this bill.

17. OMNIBUS PARKS

--Passed the House last Wednesday. Authorizes approximately \$1.5 billion for 150 items, including the creation of 11 new national park areas. Despite cost-cutting amendments passed on the floor, the bill is approximately \$500 million higher than the Administration's recommendation, including a \$200 million increase for the Santa Monica Mountain National Recreation Area. Projects, in the \$15 to \$35 million range, account for much of the remainder of the increase. The largest cut made on the House floor was \$100 million from our FY 79 request of \$150 million for urban parks grants.

--The \$500 million increase in authorizations will affect appropriations up to five years, the time needed to acquire land and develop areas subsequent to authorizations. The bill now goes to the Senate which is expected to pass a less ambitious measure.

--Interior, OMB, DPS and WH CL will work to bring it more in line with the Administration's recommendations.

18. RAILROAD BANKRUPTCY LEGISLATION

--The Judiciary Committees began work in 1973 on revising the bankruptcy statutes. On Wednesday, the Senate Judiciary at long last reported S. 2266 by unanimous consent. The bill's provisions on railroad bankruptcies are fairly close to the Administration's position. If they can be enacted this year it will be helpful to DOT's efforts to restructure the Midwest rail system. Since the House has already passed its version of the bankruptcy bill (H.R. 8200), which is very close to the Administration's views on rail bankruptcies, the outlook is good for Conference.

-- On July 11, FRA Administrator John Sullivan testified before Senator Long's Transportation Subcommittee of Senate Commerce on S. 2266. Although Senator Long does not have jurisdiction over the bill, he may try to get it. This could lead to major problems according to DOT.

19. AIRLINE DEREGULATION

--The Airline Deregulation bill continues on a quiet, but successful, track. The House Rules Committee will consider the Deregulation bill and the Noise bill separately (Noise bill on Tuesday, July 18; Deregulation bill on Wednesday, July 19). It is likely, therefore,

that the bills will be voted on the floor separately although there will be obvious political connection. It is reasonable to assume that House floor action will come prior to the August 18 recess. One major problem of the deregulation bill is a labor protection provision which is, as currently written, unacceptable to the Administration. White House CL will work with DPS and OMB in an effort to reach a satisfactory agreement.

## FOREIGN POLICY ISSUES

### 1. TURKISH ARMS EMBARGO

--Support in the House and Senate fell only marginally during the Congressional recess. Anti-Turkish literature has been circulated to House and Senate members and House Republicans are grumbling about the presumed lack of Democratic leadership and organization on this issue. Nonetheless, our most recent canvasses show us clinging to a thin majority in both Houses, in large part because of intensive briefing activities which we plan to maintain at about current levels until the actual floor vote in the House and Senate. Our vote counts, however, are extremely soft and will firm only as the vote nears. Most Members in both Houses are avoiding the issue.

--In the Senate, Byrd will support the Administration position adamantly, partly as a result of his recent NATO trip. Senators are generally reluctant, however, to take the lead in opposing Sarbanes.

--Byrd intends to bring the bill to the floor the end of this week. He does not expect a vote until early next week. We will provide you with our latest Senate vote count.

### 2. FOREIGN ASSISTANCE APPROPRIATIONS

--The July 4 recess did little to improve prospects for passage in the House without further substantial cuts. Floor action is tentatively scheduled for July 25, 26, after being postponed twice.

--Further delay can only work to the detriment of the bill. Media and public interest support marshaled during the past six weeks has just about peaked, and will be difficult to maintain.

--There are now over 30 amendments filed on the bill. Specific bank cuts, indirect prohibitions, commodity restrictions, and an 8% across-the-board cut are the most troublesome of the amendments. A recent whip count indicates that we can count on no more than 130-140 votes to defeat any of these amendments. Despite a great deal of work by the Administration, we seem to be losing support for a reasonable bill. Election-year politics, budget-cutting fever, and a traditional disdain for foreign aid, all contribute to our problems.

--There is increasing speculation on the possibility of a continuing resolution, but unless it is certain that Congress would return

after the elections for a lame duck session, putting the bill over until next year might make it even more difficult to pass.

### 3. FOREIGN AID AUTHORIZATION

--The staffs of both the SFRC and the HIRC report that the Conference Committee will not meet until the Security Assistance bill (s. 3075) passes the Senate (it contains the Economic Support Fund authorizations already passed by the House in its version of the bill). The HIRC staff reports that the House Security Assistance bill (H.R. 12514) will go to the floor during the first week in August (it contains the Foreign Military Sales and MAP authorizations that are in S. 3075). The Conference can begin before it passes the House and these items can be disposed of by the Conference Committee in a subsequent meeting.

--Both bills contain 5% cuts, one across-the-board and the other a bottom-line cut. The Committee staffs are hopeful that the House will act on the appropriation bill prior to completion of the Conference so that the authorized funding levels can be tailored to best advantage.

### 4. SECURITY ASSISTANCE AUTHORIZATION

--Sparkman apparently intends to floor manage the bill presumably with Church's support. We are organizing separate campaigns for each of the critical issues. Unfortunately the constituency for lifting the Turkish embargo includes many Members who will tend to support Helms on Rhodesia. This will invite vote trades which we cannot afford to make.

Rhodesia: Helms Amendment. Sen. Helms' amendment would suspend U.S. compliance with UN sanctions against Rhodesia for up to 15 months as a demonstration of support for the internal settlement. The same amendment to the State Authorization lost by 48-42 in late June, but recent events, including the publicity given to the massacres in Rhodesia and a Washington Post editorial, have improved its prospects for passage.

--Helms claims the support of 51 Senators, including Baker and Majority Leader Byrd. (We doubt this. Byrd told us that he may oppose Helms if we present strong U.S. security arguments against the amendment.) He has a letter from the Black leadership of the internal settlement, sent to every Member of the Senate, urging that the embargo be lifted and claims to have talked with both Smith and Muzorewa last week. He has indicated a readiness to compromise on a six-month rather than 15-month suspension of sanctions and has threatened a filibuster if he is thwarted.

Korea. We now anticipate at least one and possibly two amendments opposing the Administration's policies on withdrawing troops from Korea. Senator Percy has an amendment stating the sense of Congress

that the Administration's proposed withdrawal plans are contrary to the national security interests of the U.S. and to the interests of peace in Asia. State reports that Senator Dole is considering offering an amendment which would flatly oppose any further withdrawal of troops from Korea.

--Current indications are that the Percy amendment is much more likely to attract support than any Dole amendment. A number of Senators may be particularly attracted by Percy's language since it would permit them to vote for the \$800 million Korean arms transfer package, while at the same time signaling their concerns about troop withdrawals.

--State has begun discussions with key Congressional leaders to see if we could develop a substitute amendment that will be acceptable particularly to Senators like Glenn and Nunn who have expressed doubts about our Korean policy but would like to support the Administration. We are also working on new language to be incorporated possibly in a letter from you to Senator Byrd to reassure our potential allies that the Administration plans to proceed cautiously, assessing the security implications of withdrawal at each stage.

#### 5. FY 1979 DEFENSE AUTHORIZATION

--Passed 87 to 2 in the Senate last Tuesday. The Senate version, \$613 million over our request, includes additions of \$1.9 billion for a nuclear-powered carrier and \$25 million to continue the Advanced Medium Short-takeoff and landing Transport Aircraft (AMST) program. The full cost of the AMST program is anticipated to run as high as \$11 billion, with \$5 billion of this amount over the next five years.

--The House-passed version is \$2.4 billion higher than our 1979 request, including \$2.4 billion for a carrier, an additional \$644 million for aircraft purchases, and a decrease of \$635 million in R&D programs.

--The House bill also includes a nuclear cruiser at a cost of more than \$1 billion. DOD predicts the cruiser will drop out in Conference which should start Tuesday.

--It is generally believed that the effort to delete the CVN has the best chance during the Appropriations bill process.

#### 6. FY 1969 MILITARY CONSTRUCTION AUTHORIZATION

--The Senate passed the MILCON Authorization bill last week. The bill totaled just over \$4 billion -- a reduction of \$250 million from our request. The key impact is in NATO construction where the Senate cut \$375 million. The House included the bulk of these funds.

--Census Advisory Committee. Senator John Glenn, Chairman of the Subcommittee on Energy, Nuclear Proliferation and Federal Services of the Committee on Governmental Affairs, is going to meet with Secretary Kreps to express his reservations about the Department going forth with the charter to establish the Census Advisory Committee. The charter is on "hold" at OMB until the Secretary can meet with Chairman Glenn. On the other side, Rep. Bill Lehman wants Commerce to move on this quickly and is using his level of cooperation on P.O. & C.S. to heighten our interest.

--Senator Eagleton has scheduled his Agriculture Appropriations Subcommittee markup for 10:00 a.m. on Wednesday, at which time we are hopeful that he will attempt to overturn many of Jamie Whitten's House-passed recommendations that are budget-busting and unacceptable. Secretary Bergland had scheduled a private meeting today with Eagleton and ranking member Bellmon to once again press the Administration's case and recommendations prior to the markup.

--SBA Nomination. The Senate is expected to consider the nomination of Milton D. Stewart to be SBA's Chief Counsel for Advocacy on Tuesday, July 18. The Senate Small Business Committee reported the nomination by a vote of 8-1 with Sen. Lowell Weicker casting the only dissenting vote. Sen. Weicker will lead the opposition to the nomination on the Senate floor.

--McGarry and Zagoria. Our nominees to the Federal Election Commission have hearings scheduled for August 2. We have provided supplementary FBI information on McGarry to the Rules and Administration Committee. We are hopeful these nominees will be confirmed this year.

--ERA Extension. Judiciary will take it up Tuesday. Lamar Gudger (NC) and Bill Hughes (NJ) are expected to vote for a 3-year, 3-month extension giving supporters the necessary 18 votes. The First Lady's phone calls were helpful.

--Congressman Bob Carr was asked about the appointment of Ralph Smucker of Michigan State to head the Foundation for International Cooperation while he was in Lansing this past weekend. Though the appointment was made last week, Carr had not been notified -- neither had WH CL. Jim Free who accompanied Carr for a weekend of events was in the embarrassing situation of being without any information. I will follow up with Frank Press.

--Senate Ag Committee Changes. Senator Dole has opted to become ranking member of the Senate Finance Committee, giving up his ranking position on Senate Agriculture to next-ranking Henry Bellmon (whom Agriculture considers much more of a friend). The late Sen. Allen's widow and successor, Maryon, has been named to the Agriculture Committee, as expected (as well as Judiciary).

## FLOOR ACTIVITIES, WEEK OF JULY 17

### House

#### Monday - 5 suspensions:

1. HR 11153, Reclamation Safety of Dams Act
2. HR 12028, Veterans Housing Improvement Act of 1978
3. HR 12232, Unemployment Compensation Amendments
4. HR 12380, Limitation on Extended Unemployment Compensation
5. HR 10848, Social Security Amendments for Disability

HR 11392, DOE Authorizations FY 79

HR 12163, DOE Authorizations FY 79

#### Tuesday - 6 suspensions:

1. HR 12443, Immigration and Nationality Act Amendments
2. HR 12508, Immigration and Naturalization of Adopted Children
3. HR 12252, Plot Allowance to State Veterans Cemeteries
4. HR 12011, Hospital Care for Veterans in U.S. Territories
5. HR 11891, Increase for Disabled Veterans Requiring Constant Medical Attention
6. HR 6075, Prohibit Sex Discrimination Based on Pregnancy

HR 1609, Coal Pipeline Act of 1978

HR 11983, FEC Authorizations

#### Wednesday

HR 13385, Debt Limit Extension

HR 12433, Housing and Community Development Amendments

#### Thursday

HR 3350, Deep Seabed Hard Minerals Act

HR 13467, Supplemental Appropriations FY 78

#### Friday

HR 13468, District of Columbia Appropriations FY 79

HR 12432, Civil Rights Commission Act of 1978

### SENATE

#### Monday

S 2899, Endangered Species Act

HR 5146, Coal Conservation Conference Report

#### Tuesday

S 5146, Coal Conservation Conference Report, Roll Call Vote Scheduled for 2:00 PM

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## SOCIETAL VALUES, MILITARY INSTITUTIONS AND THE WESTERN DILEMMA\*

by Alan Ned Sabrosky

Contemporary civil-military relations are confronted by a fundamental problem: military institutions must reconcile the value preferences of their societies with the imperatives of modern war. It is generally recognized, of course, that a society's values are reflected to some degree in its military institutions, as well as in the way that institution views, and is viewed by, the larger civil society. Certainly, no military institution may stray too far from the values of the society it serves without losing its legitimacy and, eventually, its effectiveness.<sup>1</sup> The French and American experiences in the First and Second Indochina Wars, respectively, underscore this point.

On the other hand, military institutions sometimes come so close to the values of their societies that they are unable to carry out their essential military missions. The dictates of the battlefield, after all, are independent of the preferences of civil societies, although the latter — by shaping their military institutions — can influence the prospects for battlefield success. If the divergence between the imperatives of war and the value preferences of civil society become too great, the military becomes as ill-suited to deal with the demands placed on it as were the professional armies of Europe when confronted with the *levée en masse* of the French Revolution.

This is the problem which now appears to confront the military institutions of the West, in general, and the United States in particular. Few would deny that major changes in the value systems of the Western advanced-industrial societies have been under

\* This article is a revised version of a paper presented at the Third Colloquium on Western Military Institutions, held at Sorèze, France, in July 1977. An edited translation is being published concurrently in *Nation Armée*, no. 3, April 1978.

<sup>1</sup> See, for example, Robert G. Gard, Jr., "The Future of the Military Profession," in *Force in Modern Societies: The Military Profession* (London: International Institute for Strategic Studies, Adelphi Paper no. 103, 1973), p. 4; and Richard F. Rosser, "A 20th Century Military Force," *Foreign Policy*, Fall 1973, p. 199.

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way for some time. Many of these changes are commonly associated with the quest for greater "human dignity," perhaps best defined as the enhancement of the political and personal well-being of individual citizens. At the same time, considerable attention has been given to the presumed need for Western military institutions not only to reflect and defend the value systems appearing in the West, but also to conform to them. It has become commonplace to speak of the changes taking place in Western military institutions as they attempt — even though it may entail a significant departure from traditional military values — to adjust to changes in their respective societies.

One hears much less discussion, however, of the possible consequences of such a departure for the functional effectiveness and political responsiveness of Western military institutions. Yet it is this point which must be addressed. A military institution can only be judged according to the congruence between (a) its institutional values and (b) its ability to carry out required missions in defense of its nation's foreign and domestic interests. It is therefore necessary to examine how this linkage will be affected by the adjustment of Western military institutions to the value systems now emerging in the West. Only by doing so can one comprehend the nature of the dilemma now confronting those institutions.

### II

Two principal developments in the values of Western advanced-industrial societies have been reflected, in varying degree, in their military institutions:

First, the pursuit of "human dignity," as it is generally understood in Western democracies, has often produced a corresponding interest in improving the well-being of military personnel. The military unionism movement in several West European countries, as well as in the United States, is but one manifestation of this interest.<sup>2</sup> Coupled with the widespread appearance in Western societies of what Jacques Van Doorn has described as "individualism, subjectivism and hedonism,"<sup>3</sup> the belief has arisen that it is

(See SABROSKY, Pg. 6-F)

<sup>2</sup> Alan Ned Sabrosky, ed., *Blue-Collar Soldiers? Unionization and the U.S. Military* (Philadelphia: Foreign Policy Research Institute, 1977), esp. chaps. 2, 6 and 8; and Ezra S. Krendel and Bernard L. Samoff, eds., *Unionizing the Armed Forces* (Philadelphia: University of Pennsylvania Press, 1977), esp. chaps. 1, 8 and 9.

<sup>3</sup> Van Doorn, "The Decline of the Mass Army in the West," *Armed Forces and Society*, Winter 1975, p. 151. Also see Morris Janowitz, "Military Institutions and Citizenship in Western Societies," in Janowitz, ed., *Military Conflict* (Beverly Hills: Sage Publications, 1975), p. 85.



either politically expedient or socially desirable to make the human burden (if not the financial one) of military service as light as possible. The general (but not exclusive) reliance in the West on armed forces composed either entirely of short-term volunteers or largely of conscripts is indicative of this belief. The belief is also reflected in the general attention given to reducing peace-time stress on the individual soldier in all but elite units.

Second, questions about the legitimacy of military force as an instrument of policy, disdain for the art of war, and doubts about the possibility of victory in the modern world seem to be enhancing the appeal of one form or another of the "constabulary" model. The concept of the constabulary force is complex, but one may safely say that it (a) emphasizes a pragmatic approach to international relations; (b) defines its goal more as peace-keeping than war-fighting; (c) assumes that, in the modern world, only limited wars for limited political objectives can be waged if deterrence fails; and (d) gives precedence to the managerial style of military leadership over the traditional "heroic" model.<sup>4</sup> A constabulary force, then, is inclined toward the maintenance of the status quo in world politics, compatible with the managerialism prevalent in other sectors of advanced industrial societies, amenable to a welfare-oriented approach to military service, and often rather disdainful of traditional appeals to military honor.

What effect will these developments have on the functional effectiveness of military institutions in the West? Ironically enough, perhaps none at all in the long term. It is becoming increasingly apparent that the abundance of inexpensive resources on which the Western advanced-industrial societies are based simply may not be accessible in the future. If the age of abundance which has been the cornerstone of those societies should give way to an age of scarcity, they could well evolve into less democratic societies in which the pursuit of "human dignity" has given way to emphasis on greater social discipline.<sup>5</sup> This evolution would clearly have a significant effect on how those societies would view their military institutions, as well as on what those societies would expect of their armed forces. At the very least, such a development would entail a reversal of the liberalizing trends now apparent in the armed forces of most Western countries.

<sup>4</sup> See Morris Janowitz, *The Professional Soldier*, 2nd ed. (New York: The Free Press, 1971), pp. 272-277, 418ff; and Georges Vilalta, *Les Casques Bleus* (Paris: Fondation pour les Etudes de Défense Nationale, 1977), pp. 67-69.

<sup>5</sup> See my "Human Dignity in the Post-Industrial Military: A Critical Appraisal," presented at the 1977 Annual Meeting of the International Studies Association, St. Louis, Missouri.

Moreover, even in the short term, it must be acknowledged that all Western military institutions have not been affected in precisely the same way, or to the same degree, by the developments discussed above. There are a number of similarities in their general situations, of course, but there exist important differences, as well. The military unionism movement, for example, has progressed far more in certain West European countries than it has in the United States. On the other hand, the "managerialism" characteristically associated with the constabulary force is probably more widespread in the U.S. armed forces than in the military institutions of other Western countries, although the latter may well have to come to terms with the phenomenon in the future.

Whatever changes occur in Western societies, it is important to understand that Western military institutions are likely to be compelled to act in an increasingly demanding political-military environment. The essential strategic balance between the United States and the Soviet Union has changed significantly over the past decade, and this has raised concern in many quarters about the future stability of global and regional balances of power. In addition, the 1973 Middle East war made it quite clear that a general war on the Continent (or elsewhere, for that matter) would be a high-intensity conflict probably entailing numerous casualties and great destruction within a short time. If such a war occurs, no military institution will have the luxury of adjusting gradually to the rigors of war. Furthermore, in the aftermath of major defeats in Indochina, Algeria and Vietnam, limited wars are more likely to occur and more difficult for the West to contemplate waging. Finally, internal-security and counterterrorist missions are distinctly likely to become characteristic features of Western military institutions in the years ahead. All of these missions would be socially divisive: their moral legitimacy would often be uncertain, and it would be difficult either to measure or to attain success.

Meeting the demands of general war, limited war and internal security, as discussed above, will require extremely cohesive military institutions composed of highly trained and disciplined personnel. Unfortunately, it is equally true that the value systems which seem to be developing in the West are in many ways incompatible with the requirements for fielding a military organization capable of meeting those demands. To be sure, military institutions which mirror those value systems certainly will be compatible with the needs of peace-time service. They might well retain the ability to deter nuclear war, or threaten nuclear destruction if deterrence

(See SABROSKY, Pg. 7-F)

## SABROSKY -- CONTINUED

fails. They will probably be appropriate for countries which do not expect to ever have to fight, or which can depend on fighting alongside a stronger nation. They might even be suitable for waging a war of national liberation, a resistance against a foreign invader, or a crusade drawing on the active support of the entire populace. But such institutions are not suitable for waging the types of conflicts that the West, in general, and the United States in particular may have to confront. Moreover, the continued adjustment of Western military institutions to value systems emerging in the Western advanced-industrial societies can only result in the continued erosion of those institutions' ability to meet the demands likely to be placed on them.

### III

Military institutions in the West thus face a classic dilemma: a balance must be struck between what Western advanced-industrial societies might prefer their military institutions to become, and what those institutions must be in order to win the wars they will likely have to fight.<sup>8</sup> To become too much like those societies risks defeat; to become too unlike them risks rejection.

No matter how much effort might be required, this dilemma must be resolved as soon as possible. Those charged with the direction of Western military institutions cannot ignore the existence of that dilemma in the hope that matters will improve or that they will not have to fight. The challenges and constraints with which those institutions must come to terms exist in the present, and they must be dealt with accordingly. To meet those challenges will not be an easy task. Nor will each country face the same challenges, act under the same constraints, or have to make the same choices. Still, some recommendations, bearing on the general situation in which all Western advanced-industrial societies find themselves, can be given.

(1) The value systems of Western military institutions simply cannot become more like the value systems which seem to be emerging in their respective societies. To do so, as some have suggested,<sup>7</sup> risks undermining those institutions' ability to perform their essential missions. This is particularly true with respect to the conduct of extensive internal-security or counterterrorist opera-

tions,<sup>9</sup> but it applies to other kinds of warfare, as well. As John Keegan recently observed, both the stress of modern warfare and the socialization processes of Western society "[have made] the ability of modern man to sustain the stress of battle increasingly doubtful."<sup>10</sup> The ability of Western man to endure battle is not enhanced, however, by requiring military institutions to reduce the demands placed on their personnel in peacetime. Yet this is precisely what must follow a continued liberalization of Western military institutions. If the risk of military failure is to be minimized, that process must be avoided.

(2) Under no circumstances must Western military institutions allow themselves to be judged according to their ability to perform social-welfare functions, nor should they adopt a welfare-oriented approach to the management of their personnel. In some instances, such an approach has resulted in justifiable elimination or reform of questionable practices within the armed forces. In other cases, however, it has resulted in "civilianization," which in turn has led to a relaxation of the traditional standards of training and discipline. An emphasis on individual well-being, rather than on institutional cohesion, can only be counterproductive.<sup>10</sup> No adversary that the West might have to face will care about the progressiveness of our defense manpower policy, the extent to which first-term soldiers acquire civilian-related job skills, or the socio-economic representativeness of our military. The only consideration will be how well the West can fight. We cannot afford to ignore the fact that, as Alfred Vagts put it in his classic *History of Militarism*, "the acid test of an army is war. . . . The rest is advertisement."<sup>11</sup> Concern for individual welfare, at the expense of rigorous training and discipline, will not produce the cohesive and responsive military institutions needed by the West to meet the ever-greater demands likely to be placed on it.<sup>12</sup> (See SABROSKY, Pg. 8-F)

<sup>8</sup> Katharine Chorley, *Armies and the Art of Revolution* (Boston: Beacon Press, 1973; reprint of 1943 ed.), p. 136.

<sup>9</sup> Keegan, *The Face of Battle* (New York: Viking Press, 1976), pp. 325ff.

<sup>10</sup> As the late Associate Justice Hugo Black, a liberal member of the Supreme Court, put it: "In the military, by necessity, emphasis must be placed on the security and order of the group rather than on the value and integrity of the individual." (*Reid v. Covert*, 354 U.S. 1 [1957].)

<sup>11</sup> Alfred Vagts, *A History of Militarism*, revised ed. (New York: The Free Press, 1959), p. 16.

<sup>12</sup> The tragic irony here is that those who advocate "progressive" manpower policies are indirectly responsible for increases in the "butcher's bill" paid by the armed forces in wartime and, moreover, that those who pay the bill come largely from the ranks of the working class and the poor—those whom the progressive policies were intended to help in the first place. See Lt. Col. David S. Rilling, "Who Killed PFC Mort?" *Marine Corps Gazette*, September 1975, pp. 41-42.

<sup>7</sup> Samuel P. Huntington, *The Soldier and the State* (Cambridge: Harvard University Press, 1957), p. 2.

<sup>8</sup> See for example, Rosser.

## SABROSKY -- CONTINUED

(3) Western military institutions must reject the constabulary model in any form. With few exceptions, a constabulary is intended primarily to deter, secondarily to defend, and virtually never to take the offensive. Yet, this defensive mentality concedes the strategic initiative to the opponent and, with it, the prospects for success. What is most significant about the constabulary, however, is not what such a force is supposed to accomplish or when it is to do so; rather, it is how that force is led. The military managers of a constabulary may suit the preferences of the civilian managerial class, but, in practice, they will perform poorly against an opponent committed to the use of maximum force to achieve victory. Military managers, moreover, have proved to be singularly ill-equipped to lead fighting armies — even to the limited goals posited in limited war.<sup>13</sup> In all cases, men simply do not fight and die well under the banner of cost effectiveness, however much that concept may have appealed to Robert McNamara and his intellectual successors. Military institutions which have at their foundation managerial officers and welfare-oriented soldiers cannot be reliable instruments of policy or successful guarantors of Western security.

(4) Western military institutions should rely on long-term volunteers, rather than on short-term volunteers or conscripts. It may be that, as Morris Janowitz has argued, "there is no basis for arguing the moral superiority of [an all-volunteer] manpower system,"<sup>14</sup> though some would disagree with his contention.<sup>15</sup> True, conscription and "national service" do perform a legitimate social and political function in a number of Western nations, but the key issue is neither moral nor social nor political: it is military. And all things being equal, disciplined, long-term volunteers do tend to make more willing and more efficient soldiers than do conscripts.<sup>16</sup> This is particularly apparent when one contemplates the challenges that Western military institutions will be facing in the coming years. After all, one can always hire or conscript soldiers to perform some missions for a short period of time. But one cannot hire or conscript

<sup>13</sup> Paul L. Savage and Richard A. Gabriel, "Cohesion and Disintegration in the American Army," *Armed Forces and Society*, Spring 1976, pp. 340-376. Also see Anthony L. Wermuth, "A Critique of Savage and Gabriel," *ibid.*, Spring 1977, pp. 481-490.

<sup>14</sup> Janowitz, "U.S. Forces and the Zero Draft," in Janowitz, ed., *Military Conflict*, p. 282.

<sup>15</sup> It has been argued that in the Anglo-American juridical tradition, conscription is a form of indentured servitude to which a democracy should resort only under the most extreme circumstances.

<sup>16</sup> See Jerald G. Bachman and John D. Blair, "'Citizen Force' or 'Career Force'? Implications for Ideology in the All-Volunteer Army," *Armed Forces and Society*, Fall 1975, p. 91; and M. Meron, *Conventional Warfare in Europe — Imagination or Reality?* (London: Royal College of Defence Studies, Seaford House Papers, 1976), p. 30.

the kind of soldier needed to wage the politically divisive and militarily frustrating wars which the West is likely to face in the future. To be sure, reliance on long-term volunteers necessarily means accepting lower manpower levels than might be procured with another system (such as conscription). Yet it may well be that the value systems emerging in the industrial societies of the West are not compatible with the maintenance of large standing armies, regardless of the recruiting system employed.<sup>17</sup> In any case, it is better to have a smaller force whose reliability and competence are assured than a larger force whose reliability and competence are uncertain.

## IV

The internal and external demands being placed on Western military institutions are indeed great. Ideally, those institutions perhaps ought to approximate a modern variant of what Stanislaw Andreski has called a "restricted professional" force.<sup>18</sup> Such a force would include a rather small number of personnel with a high degree of organizational cohesion; training and discipline would be rigorous. Unlike the constabulary force, which is inappropriate for wars in which one's adversary rejects the notion of compromise, such a force would define its mission in terms of victory rather than as maintenance of the status quo. Localized wars would still be possible; only such wars can seriously be contemplated in the nuclear era. But the West should reject any doctrine or institutional model which concedes to an adversary the right, should conflict occur, to use its armed forces in pursuit of military victory. The rejection of nuclear war as an instrument of policy need not entail acquiescing in stalemate or defeat in other kinds of war.

It is by no means certain that Western military institutions will be able to transform themselves into such a force — whatever the objective merits might be. Nor is it certain they will prove equal to the demands being made of them, where what is acceptable to Western societies might differ so much from what is needed to wage war successfully. One thing, however, is certain. Forced to choose between high-risk alternatives, Western military institutions would

(See SABROSKY, Pg. 9-F)

<sup>17</sup> M. D. Feld, "Military Professionalism and the Mass Army," *Armed Forces and Society*, Winter 1975, esp. pp. 210-212; Van Boorn, "The Decline of the Mass Army . . ."; and Michel L. Martin, "Conscription and the Decline of the Mass Army in France, 1960-1975," *Armed Forces and Society*, Spring 1977, esp. pp. 355-356.

<sup>18</sup> Andreski, *Military Organization and Society*, 2nd ed. (Berkeley: University of California Press, 1968), pp. 122, 141-142, 224.

**SABROSKY -- CONTINUED**

be well advised to risk societal rejection rather than battlefield defeat. A defeated army is likely to be rejected by its society in any case; whereas an authoritarian, spartan military establishment will be applauded if it wins, regardless of the divergence between its value system and that of society at large. What must be understood clearly, however, is that accepting the recommendations described above does not entail a rejection by Western military institutions of the fundamental values held by the societies they serve. It would simply reflect an acknowledgment that the traditional military virtues of Duty, Honor, Country<sup>18</sup> are most likely to produce military institutions capable of safeguarding the essential democratic processes of Western societies.

The value systems of the Western advanced-industrial societies are changing, and that process cannot be totally ignored by the West's military institutions. Yet, at the same time, those institutions must give greater attention to reinforcing the traditional modes of leadership, discipline and training essential to the maintenance of a professional military establishment. No alternative approach can provide Western military institutions with the ability to deal successfully with those conflict situations which are likely to arise — and whose outcomes will determine in large measure the future of the Western societies themselves.

---

<sup>18</sup> These are not militaristic (in the sense of "warlike") values. In fact, classical military values such as these are antithetical to the values of militaristic institutions. (Vagts, pp. 13-17.)

THE WHITE HOUSE  
WASHINGTON

July 18, 1978

Jack Watson

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Rick Hutcheson

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|  | WARREN     |
|  | WISE       |

James Franklin Dusenberry, Jr., M. D.

111 LAKEVIEW CIRCLE  
CLEMSON, SOUTH CAROLINA 29631  
803-654-5741

June 27, 1978

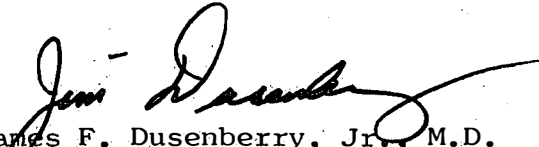
The President of the United States  
White House  
Washington, D.C. 20000

Mr. President,

According to Mr. and Mrs. E.F. Smith of Seneca, S.C., I have been asked to inform you of our difficulties with the Corp of Engineers on Lake Hartwell. I am aware that this is not localized to Lake Hartwell. There has also been a problem on Lake Lanier. I am conversant with difficulties in Tex., Okla., Kan., and N. Dak.

In its greatest simplicity, this is a prime example of loss of control by the United States Government to one of its bureaucratic agencies. That is not meant in any fashion to be a flippant or casual statement. The second page of this communication will hit the highlights of our difficulties. Any help that you or your aides can give us and or work with us and our congressmen Butler Derrick, M.C. Third District S.C., Dem., Sen. Strom Thurman, S.C., and Sen. Fritz Hollands, S.C. will be appreciated. Others will and can be named at a later date.

Respectfully yours,



James F. Dusenberry, Jr., M.D.  
Chairman Board of Directors  
Lake Hartwell Property Owners Association

Telephone Numbers where I may be reached by your aides:

Daytime- 803-882-5750

Home or Night- 803-654-5741

LHPOA Ex. Dir. Atty. Michael Hawkins- office- 803-225-0531

P.O. Box 1414

Anderson, S.C. 29622

To J. Watson: These  
Determine whether I do  
regulations (of which I do  
not disapprove) are applied  
uniformly on a given  
lake & nation -  
(brief) J

LAKE HARTWELL

# Property Owners Association, Inc.

P. O. Box 1414 • Anderson, S. C. 29622

June 27, 1978

The President of the United States  
White House  
Washington, D. C. 20000

Mr. President,

The Lake Hartwell Property Owners Association is in favor of a Lakeshore Management Plan as is the Corp of Engineers. Our ideas of implementation are extremely divergent.

Our wishes are simple. We would like to continue to have docks and grass in subdivision areas. We feel that a change in this would greatly compromise valuation of property and also ad valorem taxes. We recommend strong enforcement of safety precautions as regards docks. Also, there is great controversy as to underbrushing and mowing of grass. There are those in subdivisions who would like to see the lake whereas the C.O.E. insists that the shore line return to a "natural status".

You will be getting a great deal of complaints from people around new C.O.E. lakes (e.g. Richard B. Russell) where there will be a mandatory 300 foot buffer where no mowing and only "natural vegetation" will be allowed. No docks will be allowed. I doubt that the lake will be visable from private land.

In a 1973 Federal Registry the C.O.E. published a Lakeshore Management Plan. In 1974 they had an obscure meeting to inform the populous of such a plan. A scheduled hearing for the implementation of the plan was held in Lavonia, Ga. on Feb. 3, 1976. At that time we were brusquely told by Colonel Edwin Kaiser that the meeting was a "telling and not a hearing" and what was said by us was of no importance. Some 600 people were present. Less than one dozen were in favor of his plan.

**President**

James F. Dusenberry, Jr., M.D.  
111 Lakeview Circle  
Clemson, S. C. 29631

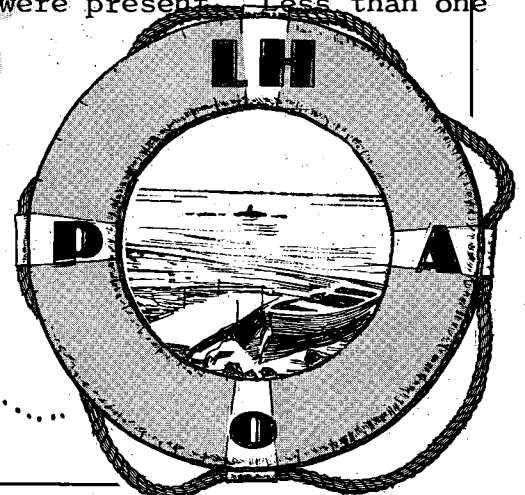


**Vice President—Ga.**  
Emmett J. Gossett  
Rt. 2, Box 67C  
Lavonia, Ga. 30553

**Vice President—S. C.**  
Paul Kaiser  
Route 4  
Anderson, S. C. 29621

**Secretary**  
Lucille Kaiser  
Route 4  
Anderson, S. C. 29621

**Treasurer**  
John Marianos  
Route 2  
Anderson, S. C. 29621





LAKE HARTWELL

# Property Owners Association, Inc.

P. O. Box 1414 • Anderson, S. C. 29622

-page 2-

Subsequent to this meeting we formed the LHPOA and began to accumulate data and document the rough--shod methods of the C.O.E. Secondary to this we had a Congressional Sub-committee on Public Works and Transportation, chaired by Jim Wright, M.C. hold a hearing in Anderson, S.C. on Sep. 10 and 11, 1976. The result of this meeting was no more than the fact that a hearing was held. However, it did substantiate the LHPOA contention that the C.O.E. had violated its own rules re: public input. A second public hearing was held in Oct. 1976 and was conducted by Colonel Frank Walter. At that time a community council was thought to be an answer. This was overwhelmingly stacked against the LHPOA and for the better part of one year our group attempted to reach some compromise but were unable to do so primarily because of personality conflicts within the group.

On May 25th, 1978, a "final Draft" was presented to the populous. By a show-of-hand vote, which has been duly recorded in the press, there were 600 in favor of our proposed Lakeshore Management Plan and only four in favor of the C.O.E. plan. We lost! We were told at the termination of this meeting that it mattered not one iota what we had said or proposed. Therefore, once again we were faced with a situation of this not being a public hearing for input but a public telling of the plan.

The sum and substance of our contention is that the C.O.E. has arbitrarily determined that certain parts of the shoreline should not have docks and none to have grass even though it may be within the city limits or a community in a limited-development (subdivision) area. The prime reason given is that these docks are not "aesthetic". The present docks are grandfathered for one owner-ship. There can be no arbitration or compromise on grandfathering because it is a "national rule". But, the "national rule" was made up by the C.O.E. and not by legislative action. No more lawns or grass areas are to be allowed anywhere. We fear ultimate removal of all docks. The entire C.O.E. basis of control is the 1944 Flood Control act giving them authority over all shorelines.

There is considerably more and this letter is already too long. I would be quite happy to explain this in greater depth to you or any of your aids.

Sincerely yours,

*James F. Dusenberry, Jr.*  
James F. Dusenberry, Jr., M.D.

Pres. Ex officio

Chairman, Board of Directors

Lake Hartwell Property Owners Association

**President**

James F. Dusenberry, Jr., M.D.  
111 Lakeview Circle  
Clemson, S. C. 29631

**Vice President—Ga.**

Emmett J. Gossett  
Rt. 2, Box 67C  
Lavonia, Ga. 30553

**Vice President—S. C.**

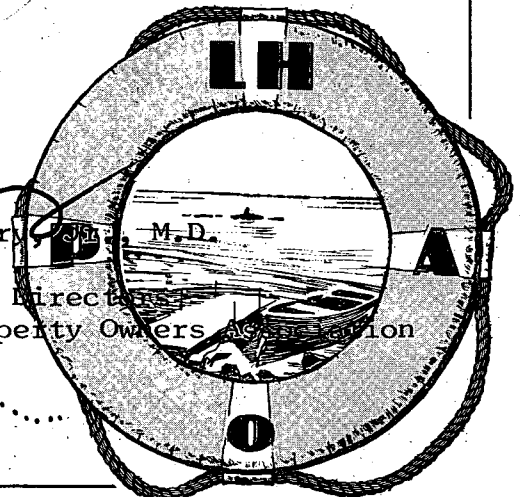
Paul Kalser  
Route 4  
Anderson, S. C. 29621

**Secretary**

Lucille Kalser  
Route 4  
Anderson, S. C. 29621

**Treasurer**

John Marlandos  
Route 4  
Anderson, S. C. 29621



THE WHITE HOUSE  
WASHINGTON  
July 18, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

CALL TO PRES. FORD -- TURKISH ARMS  
EMBARGO

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THE WHITE HOUSE  
WASHINGTON

July 12, 1978

MEMORANDUM TO: THE PRESIDENT  
FROM: FRANK MOORE *FM*  
SUBJECT: PRESIDENT FORD CALLS ON TURKISH ARMS EMBARGO

A call from former President Ford to the following Senators would help the cause.

Case  
Domenici  
Dole  
Heinz

Lugar  
Stevens  
Packwood

*Frank - He will  
do this -  
Suggests we calm  
Eagleton down  
J*

THE WHITE HOUSE  
WASHINGTON  
July 18, 1978

Tim Kraft  
Jim Gammill

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
INTERNATIONAL TRADE COMMISSION  
VACANCY

THE WHITE HOUSE

WASHINGTON

July 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*  
JIM GAMMILL *Jim G*

SUBJECT:

International Trade Commission Vacancy

Dan Minchew's term on the International Trade Commission expired June 16, and he does not want to be considered for reappointment.

Last year we recommended two candidates for your consideration for the pending vacancy, Paula Stern and Bill Alberger, and you selected Mr. Alberger. After careful review of additional candidates we still feel Paula Stern deserves your consideration.

Ms. Stern has a strong academic and legislative background in foreign affairs and international trade. She served as a consultant to Brookings and Carnegie and was senior legislative aide for Senator Nelson. During her three years with Senator Nelson she concentrated on trade matters. She clearly favors a free trade policy but is not dogmatically anti-protectionist. She is articulate and outspoken and will approach ITC issues in an open and analytical fashion.

Ms. Stern is well known to many members of your staff, both from her activities in trade matters and from her participation in the campaign and transition. Ambassador Strauss and the CEA staff support her appointment.

- 2 -

RECOMMENDATION

Nominate Paula Stern as a member of the International  
Trade Commission.

✓ approve

                     disapprove

*J*

Meet briefly with Ms. Stern prior to her nomination.

                     approve

                     disapprove

PAULA STERN  
Washington, D.C.

PROFESSIONAL:

|                |  |
|----------------|--|
| 1977 - Present | Carnegie Endowment for International Peace, Council on Foreign Relations, International Affairs Fellow |
| 1976 - 1977    | Carter-Mondale Transition Team   |
| 1976           | Senior Legislative Assistant to Senator Gaylord Nelson   |
| 1975 - 1976    | The Brookings Institute, Guest Scholar   |
| 1972 - 1974    | Legislative Assistant to Senator Gaylord Nelson  |

EDUCATION:

|      |  |
|------|--|
| 1976 | Ph.D., Fletcher School of Law and Diplomacy                        |
| 1970 | Masters Degree, Arts of Law and Diplomacy in International Affairs |
| 1969 | Masters Degree, Arts in Regional Studies, Harvard University       |
| 1967 | B.A., Political Science, Goucher College                           |

AWARDS:

|             |   |
|-------------|---|
| 1970 - 1971 | Alicia Patterson Foundation Award to travel and report for one year from the Middle East and North Africa |
| 1967 - 1969 | Harvard University - National Defense Foreign Language Fellowship   |

PERSONAL:

White Female  
Age 32  
Democrat



## COMMENTS ON PAULA STERN

### Senator Gaylord Nelson (D-Wisconsin)

"In her work in the Senate, Paula has been perceptive, responsible, and skeptical of easy answers and prevailing current wisdom. She is a serious foreign policy professional who is also well attuned to the subtleties of domestic politics. As a member of the Commission, she could be relied on to weigh complex competing interests with sensitivity to their impact on both our foreign policy and domestic situation. Her appointment would be a credit to the Administration."

### Senator Jim Sasser (D-Tennessee)

"I have known Paula and her family a long time. She pursued an extraordinary academic and journalistic career. The list of articles published in prestigious journals and newspapers is one more indication of the caliber of contribution she has already made to the body of thought on current international issues. I am convinced she would be an excellent choice."

### Harry Huge - Rogovin, Stern, and Huge, Washington, D.C.

"I worked with her on a daily basis from July through November. She was a foreign policy analyst for the campaign and during transition. She is bright, talented, has practical judgment and good common sense. I am very, very impressed with her."

### Alan Wolff - Deputy Special Trade Representative

"Paula Stern is among the top three or four most able people I've known. She is unquestionably bright and capable."

### Ray Calamaro - Deputy Assistant Attorney General

"Paula and I worked together for Senator Nelson. She is highly respected, thoughtful, smart, thorough, and has good practical judgment. She has that rare ability to make people feel comfortable and feel they can trust her. She would be a superb appointment."

Cy-  
Herald  
Zbis-

brief comment

J

## CRISIS STABILITY AND SALT II

Discussion paper prepared by

Congressmen

Bob Carr and Thomas J. Downey

## CRISIS STABILITY AND SALT II

Feasible elements of SALT II which could contribute significantly to crisis stability center around the opportunity to prevent the deployment of SLBM hard-target kill capability on a large scale. The objective of these elements would be to preserve the synergistic relationship between retaliatory bombers and ICBMs, whereby timing constraints render impossible a disabling first strike against both bombers and ICBMs as long as the attacker's hard-target kill is confined to long-warning ICBMs. The "dread scenario" is one in which the Soviets would habitually station large numbers of SSBNs close off the US shore, armed with large numbers of heavy-throwweight, highly fractionated, highly accurate depressed trajectory SLBMs.

(Before proceeding, it must be emphasized that a fractionation limit on ICBMs is at the very best a marginal contributor to crisis stability; this cat is out of the bag. A fractionation limit freezing heavy ICBMs to 10 RVs and SS-19s to 6 would permit on the order of 6000 ICBM MIRV RVs. Against a single-silo system, a fractionation limit does nothing to reduce first-strike damage. Against a multiple-aim-point (MAP) system, an ICBM fractionation limit is useful only if the MAP is substantially larger and considerably more expensive than that presently proposed. Note that, if 1MT RVs are used against 600psi shelters, 90% single-shot kill probability for a reliable RV is achieved at only .17nm CEP; 99% is achieved at .12nm.)

### Specific Elements

Specific crisis-stabilizing elements which could be included in SALT II include the following:

1. A fractionation provision limiting SLBM RVs per missile to the number already tested on that missile. By confining the Soviets to 3 RVs per missile, an SLBM countersilo capability would be rendered impossible. But a fractionation "limit" permitting each side to place 14 RVs on any SLBM would be essentially useless. Similarly, an open-ended RSM-52 exemption would also render the provision useless, since the Soviets could define this missile any way they liked and simply not test it until they had developed it into a seagoing M-X.

An SLBM fractionation limit of some type is now under consideration by the delegations at SALT. Obviously, a tight crisis-stabilizing provision will not be the easiest thing to negotiate, since it puts a bigger crimp in Soviet programs than in ours. Perhaps a trade could be worked in which they would accept a maximum of 3RVs for their SLBMs if we would set aside Pave Pepper and limit Minuteman III to 3 RVs. This would be highly attractive in terms of the domestic political debate. We would secure permanent SLBM superiority, which should impress those who are impressed by such things.

2. A prohibition on flight testing of depressed-trajectory ballistic missiles. Without a depressed trajectory, the short-warning aspect of a close-in SLBM strike is largely lost.

A depressed-trajectory ban has never been raised with the Soviets, nor has it been the subject of serious in-house discussion under the current Administration. This is surprising, since it appears to generate no serious opposition on either side, and its benefits could be more substantial than anything in the present joint text. To raise the question now would be to introduce a new item in the 11th hour of the talks, but this could well be a plum just asking to be picked if somebody will reach for it. ✓

3. A prohibition on major SLBM guidance system upgrades. Accuracy is the most obvious key to hard-target kill.

U.S. proposals have included guidance upgrades in the definition of prohibited new types. Recently, we have dropped this item from our ICBM new types definition. While it remains in the SLBM new types definition, apparently there is a serious prospect that the entire SLBM new types section may be dropped. Indeed, it may be that the only reason the guidance constraint remains in the SLBM section is that this section is considered moribund and not worthy of rigorous examination. But assuming at least some of the SLBM new types section will survive, we should examine the reasons why guidance was dropped from the ICBM section for lessons to be learned and applied to SLBMs.

A) "The Russians didn't accept it." There are many things the Russians don't accept if we don't push them hard, but do accept if we do push. The SLBM guidance constraint should be easier to sell than the ICBM constraint, since (1) SLBM constraints are the Soviets' idea to begin with, (2) being more heavily invested in vulnerable ICBMs than we, they have more to gain and less to lose by freezing SLBM accuracy, and (3) we are a good deal closer to SLBM hard-target kill than they.

B) "Guidance upgrades are difficult to define and verify." Externally-aided precision systems (satellite or radar terminal homing) are clearly verifiable. Stellar update may not be verifiable, but is not a precision system. Optical terminal homing may not be verifiable, but is not an all-weather system. There appears to be a difference of opinion regarding the verifiability of a major inertial hardware upgrade (e.g., AIRS or placing the SS-19 guidance set in an SLBM) which, combined with major breakthroughs in ships' inertial systems, could eventually lead to high SLBM hard target kill; this question needs to be resolved. At this point, the probability that SALT could restrict accuracy

sufficiently is, at the least, too high to ignore. Suggested language for a guidance provision is attached at the end of this memo.

C) "DoD doesn't want anything to interfere with its own accuracy programs." It is time we faced this issue squarely. We will not conduct a first strike. Time-urgent hard-target kill does nothing for us; it can only hurt us. The dangers created by possible Soviet SLBM hard-target kill far outweigh any force-comparison arguments in favor of U.S. time-urgent hard-target kill.

### General Considerations

Two objections will be raised to pressing the foregoing crisis-stabilizing elements in SALT II.

First, it will be argued that we should not do anything which might delay conclusion of the agreement. But consider that --

1) Without at least one of the foregoing crisis-stabilizing elements, SALT II in itself will do nothing for the physical security of the American people. We will have a process without substance.

2) Because of 1) above, the marketability and ratifiability of SALT II will be substantially decreased, and it can't afford to lose any increment of support. SALT opponents will seek to demonstrate that SALT II will leave the U.S. inferior to the Soviets. This is spurious reasoning and we can rebut it, but the best we can do by this route is to drive the fight back to neutral ground; that is, to convince the American people that SALT won't hurt them. Even if we achieve this 100%, which is not certain, we will not give anyone a positive reason to support SALT. On the other hand, if we can tell every American exactly why he can sleep easier with SALT than without, we will have a positive argument for SALT which can not only stand on its own but can be used to override and discredit the equivalence arguments used by SALT opponents.

3) SALT ratification will be delayed anyway until after the 1978 election. It makes no sense not to use this time to achieve major improvements in the agreement, if such can be done; the problem of interim behavior can be handled by an informal understanding that neither side will violate joint text provisions. True, operating without a formal agreement is uncomfortable and not risk-free. But unless a collapse of restraint is seen as imminent, the gain far outweighs the risk.

Second, it will be argued that the SLBM countersilo threat is a good many years down the road (estimates range from 1985 to 1995) because of Soviet technological limitations. It will also be argued that the current trend in Soviet SLBM deployment is toward maximum deep standoff, emphasizing survivable retaliatory capability rather than close-in first strike potential. In short, it will be argued that SLBM counterforce restrictions can be put off to SALT III. This is very dangerous reasoning.

1) The time to get off the railroad track is when you first feel the rails begin to vibrate, not when the express train is a foot away from you. Arms control has been most effective and most easily achieved (e.g., outer space and seabed limitations) when it controls weapons which are so far off they have not developed massive constituencies. The fact that the SLBM hard-target problem is not immediate should make it the object of more rather than less arms control effort. It is particularly regrettable that such intense efforts are going into ICBM control when this horse is already out of the barn and so little can be accomplished by such controls. Efforts to "drive the Russians to sea" may be regarded in future years as among the worst blunders ever made.

2) Lacking precision accuracy, depressed trajectories, and sufficient availability, survivable retaliation is the only mission which makes sense for Soviet SLBMs today. Adding our rather good anti-submarine capability, the present Soviet emphasis on long range and deep standoff is clearly rational. But on what grounds can we assume that, once technology puts Soviet SLBMs into the first strike business, they will not alter their deployment pattern accordingly? To assume they will not do so is similar to assuming they will not seek to improve their ICBM accuracy. The entire U.S. strategic force is premised on the assumption that the Soviets will seek a first strike against us if they can, and that we must deny this capability. Strategic arms control will be significant and successful to the extent that it contributes to denying this capability, to ourselves as well as to the other side.

3) The definition of the prohibitable is subject to technological pre-emption. An example is the U.S. Pave Pepper program, which was to a large extent motivated by a desire to get a high-fractionation Minuteman under the SALT wire. The present Typhoon impasse demonstrates that the Soviets play very hard ball on the question of what new type or new technology is past the point of no return. If tough SLBM qualitative constraints are delayed to SALT III -- we have no idea when SALT III will be concluded -- there is nothing to stop the Soviets from a crash program leading to

a single test of a very large, highly fractionated, depressed trajectory SLBM with an SS-19 guidance system. Even if this missile were launched from an underwater barge and the test a fiasco, the ball game would be over. A far better interim measure would be to include the critical SLBM qualitative restraints in the Protocol and thrash out a permanent solution under a state of freeze. This should not be tremendously difficult to achieve, since most of the prohibited improvements would not, under normal R&D schedules, be ready for flight test during the Protocol period anyway.

### Recommendations

At a minimum, the SALT II Protocol should contain a prohibition on at least one of the following: SLBM fractionation beyond previously tested levels on a given missile, depressed trajectory ballistic missile tests, or guidance improvements. Inclusion of more than one, or of all three, would be highly desirable. Inclusion of these restrictions in the Treaty rather than the Protocol is less important, although of course desirable.

### Addendum on Negotiability

The foregoing memorandum has been reviewed by Acting Chief SALT Negotiator Ralph Earle II. It is Ambassador Earle's opinion that --

1) A depressed-trajectory prohibition probably is negotiable with relative ease. Since depressed trajectories have no use other than in a first strike, Ambassador Earle believed the Soviets would have no grounds on which to refuse such an offer.

2) An SLBM guidance restriction is probably not negotiable, since we have dropped the corresponding proposition on ICBMs. However, following an indication by one of the Soviet negotiators, Mr. Smollen, that the Soviet side would "consider" substantial SLBM qualitative limitations, Ambassador Earle stated that he "might" be overly pessimistic on this point.

3) An SLBM fractionation limit is probably not negotiable, in that it would freeze a U.S. superiority.

SUGGESTED GUIDANCE LANGUAGE FOR ARTICLE II, SECTION 2 OF PROTOCOL:

(b) a guidance system, which is any device incorporated into or carried by a submarine-launched strategic weapon which serves to reduce the total inaccuracy of such weapon and which is detectable by the other side using national technical means if no steps are taken to interfere with such detection



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THE WHITE HOUSE  
WASHINGTON

July 18, 1978

The Vice President  
Hamilton Jordan  
Jody Powell  
Stu Eizenstat  
Jack Watson  
Bob Lipshutz  
Frank Moore  
Jim McIntyre  
Jerry Rafshoon  
Tim Kraft  
Anne Wexler  
Hugh Carter

Re: Cabinet Summaries

The attached was returned in the  
President's outbox today and is  
forwarded to you for your personal  
information.

Rick Hutcheson

EYES ONLY

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

cc To by  
Jerry  
J

July 14, 1978

FYI

REPORT TO THE PRESIDENT

The impressive economic gains which have been made in the first 18 months of this Administration are too often overshadowed by current concerns. I believe it is worthwhile to pause for a moment and briefly review these gains.

The most spectacular progress since January 1977 has been made on the employment front:

- o 6.2 million more people are at work, the most rapid sustained employment gains since World War II;
- o 59 percent of adult Americans are working today, the highest percentage in our history;
- o 1.3 million fewer people are unemployed now, with a reduction in the unemployment rate of  $1\frac{1}{2}$  percentage points;
- o the unemployment rate among teenagers has fallen from over 18 percent to about 14 percent; and
- o the number of workers unemployed for 27 weeks or more has been cut in half, from 1.2 million to 580 thousand.

Real output and income growth has also been strong:

- o real output is nearly \$150 billion above its end of 1976 level, having grown at a 5 percent annual rate;
- o an average family's income has grown more than \$1400, after taxes and after adjustment for price increases;
- o net income to the average farm has risen about 25 percent in real terms; and
- o the nation's housing stock has been built up rapidly, with a record performance in single family housing starts.

This progress was encouraged by decisive actions from the very beginning of the Carter Administration, including:

- o tax reductions for low and moderate income taxpayers in 1977;
- o a public service employment program now providing jobs for three quarters of a million persons previously unemployed; and
- o a temporary public works program which has helped reduce unemployment in the construction industry by one-third, from over 15 percent in January 1977 to 9.3 percent last month.

This progress has been accomplished with no increase in Federal employment. Furthermore, lower spending on planned Federal programs has led to a more than \$10 billion reduction in the estimated FY 78 budget deficit as compared to estimates of one year ago.

  
Juanita M. Kreps

**Community Services Administration** WASHINGTON, D.C. 20506



C

July 14, 1978

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director  
Community Services Administration

*G.O. by J*

SUBJECT: Weekly Report of Significant Agency Activities  
(July 10 - 14, 1978)

CSA Workshop on Major Budget Issues

About 500 representatives from state, local and federal agencies, such as CSA, EDA, SBA, HUD and FHA, as well as representatives from the private sector, met this week in San Francisco for the Region IX Conference on Meeting Critical Human and Social Needs. The participants, who were divided into small workshops organized along the nine major themes of the President's budget, concluded their session yesterday with a consensus that the workshops had been quite productive, especially in recommending more efficient procedures in federal and state programs. For example, the Rural Development Workshop pointed out that assistance to rural areas must be comprehensive, by definition, and that, therefore, coordination and integration of single function programs at the local level is imperative. This workshop agreed community action agencies can do that job, and do it well, and that CSA should encourage these agencies to take on the task. It is expected the conference results will be communicated soon to OMB and will be attached to our next weekly report.

July 14, 1978

LIMITED OFFICIAL USE

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: Ambassador Young  
SUBJECT: U.S. Mission to the U.N. Activities,  
July 6 - 13

NAMIBIA

The Western Five reached an agreement on July 12 with SWAPO on the Western settlement proposal. The Contact Group expects to meet in New York on July 13 - 14 to discuss the timing of a Security Council meeting and to draft talking points for use in briefing the South Africans on the Luanda discussions.

ECOSOC

The second 1978 ECOSOC session opened in Geneva on July 5. Ambassador Young delivered the U.S. statement on July 11 in which he reviewed the current status of the North/South dialogue.

Attachment:

Ambassador Young's ECOSOC speech

LIMITED OFFICIAL USE



United States  
Environmental Protection Agency  
Washington, D.C. 20460

The Administrator

July 14, 1978

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

- o Next week we expect to issue revised 1983 water pollution abatement guidelines for industries which do not discharge toxic pollutants. These revisions were permitted by the 1977 Amendments to the Clean Water Act. We estimate that the changes will save \$200 million a year (out of a total estimated cost of \$500 million) for the thirteen affected industries, without any significant effect on water quality.

The food processing industry will be the largest beneficiary of the revisions, so these savings will directly benefit people's pocketbooks and the rate of inflation.

- o You are probably aware of the large grasshopper infestation in Nebraska, Kansas, Oklahoma, and Colorado. We are working closely with Bob Bergland and his staff and with the governors of the four states to do what we legally can to deal with the problem.

The governors are pressing us to allow the use of pesticides which have been banned because of their cancer risk. This is a hot regional political issue, and we need to avoid being forced to take actions which will provide no real benefit while exposing people to serious health risks.

- o Because of the concern about how the new EPA programs will affect farmers, my Assistant Administrator for Toxics has met with farming groups across the country to promote better relations and understanding. I will be making a trip to California myself next week to the same end.
- o I thought you would be interested in the attached article from the United Steel Workers' newspaper supporting our efforts to deal with the steel companies.



## Environmental/steel puzzle —or industry shell game?

Environmental blackmail and outright obstinate resistance to environmental controls have been hallmarks of the steel industry in recent years. We have confronted the industry in the workplace environment; as with the coke oven emissions standard, and we have seen it approach air and water pollution control requirements with the same tactics of delay and resist.

Just recently, Bethlehem Steel widely published a full page advertisement in the national media where it proclaimed that "less rigid environmental mandates can save steel worker jobs," adding: "environmental common sense: part of the solution to the steel industry puzzle." The tone set by that advertisement so misrepresents the nature of the steel industry's problems, as we see them, that some facts are in order.

The steel industry is experiencing grave problems. There can be no doubt about that. At the end of last year, there were 32,000 fewer production workers in the American steel industry than there were in 1976. Shock waves reverberated through the industry when several of the older plants permanently locked their gates last fall, leaving thousands of our members and their communities in desperate straits.

But it was not environmental requirements that shut down furnaces in Youngstown, or Johnstown, or Conshohocken, or Lackawanna. Nothing can

hide the fact that those were facilities in which necessary operating investments had not been maintained over the years. The absence of environmental control requirements would not have

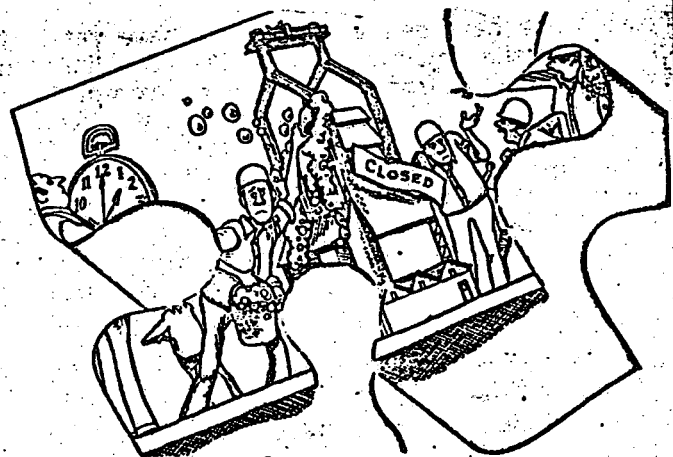
changed that fact, and would not have kept those mills running.

We have learned that when a company claims environmental controls are going to close it down, often that company has long ago decided to pack its bags and only then tries to blame EPA or OSHA. On the other hand, when there is a commitment to invest in environmental controls, it is an indication that the company is planning on keeping its facility open. The environmental investments are, in a sense, down payments on the future operations of the plant.

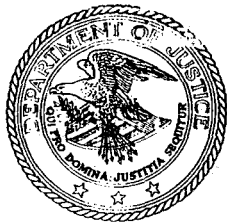
Certainly flexibility and reasonableness on compliance methods are necessary. The Bethlehem advertisement implies that there is no flexibility even though EPA has been meeting with the steel industry throughout the spring to explore more flexible approaches. The USWA has been closely monitoring those discussions and we know that a great deal of effort has made by EPA to be responsive to industry's special problems.

Our union is working hard to prevent American steel workers from suffering the brunt of disruptions in the world steel market, and to make our mills more modern and capable of providing long-term job security. But relaxing our commitments to environmental and occupational health is neither an acceptable nor necessary part of the solution to the "puzzle."

**Less rigid environmental  
mandates can save steelworker  
jobs... without forsaking  
environmental goals.**



Environmental common sense:  
part of the solution to the steel industry puzzle.



Office of the Attorney General  
Washington, D. C. 20530

July 14, 1978

Principal Activities of the Department of Justice  
for the Week of July 9 through July 15, 1978

1. Meetings and Events

On Monday, July 10, the Attorney General participated in the White House ceremony announcing the LEAA reorganization and reauthorization bill. That afternoon he departed for Australia.

2. The Attorney General's Activities in Australia and New Zealand

The Attorney General arrived in Australia on July 12, and proceeded to Canberra, where he called on Prime Minister Fraser, Attorney General Durack, and Australian Governor General Sir Zelman Cowen. During his four day stay in Canberra, the Attorney General will give two speeches, attend one luncheon with selected members of the press, and attend a formal dinner for him. On July 16, the Attorney General flies to Sydney for three days, where he will deliver three speeches: to the Law Council of Australia and of New South Wales on U.S. trade practices; to the Institutes of Directors, a businessmen's group, on government regulation and corporate ethics; and, to the Australian/American Association on crime and punishment. In addition, he will meet with a group from the Australian Law Reform Commission in a question-and-answer session. From July 19, through 21, the Attorney General will be in Melbourne, where he will hold two question-and-answer sessions, hold one press interview, and deliver one major speech. On July 21, he leaves for Hobart, Australia, where he will deliver a speech on human rights and a constitutional law lecture at the University of Tasmania on the legislative veto. From July 23 to July 28, the Attorney General will be in New Zealand, where he will visit five cities on an itinerary being arranged by the New Zealand government. The Attorney General will return to Washington on the evening of July 31, 1978.

3. News Stories of Violence by Former FBI Informant

The New York Times and other newspapers have published this week several stories relating to Thomas Gary Rowe, who was an informant to the FBI during the early 60's in certain civil rights matters in the South, including the testimony that resulted in three convictions for the murder near Selma, Alabama of Ms. Viola Liuzzo. In sum, according to the reports, Rowe has alleged that he killed an unidentified person in 1963 and so informed an FBI agent, and two of the persons convicted of the murder of Ms. Liuzzo now claim that Rowe was responsible for her death. To our present knowledge, no component of the Department of Justice possesses any information lending credibility to either allegation. Because of the legitimate public interest in these allegations, Deputy Attorney General Civiletti on Wednesday directed that: (1) Assistant Attorney General (Criminal) Philip Heymann open an inquiry to the Attorney General of Alabama requesting on an expedited basis any information he may have which might bear on these allegations raised by Rowe; (2) that the Department's Counsel on Professional Responsibility, Michael Shaheen, conduct a preliminary inquiry with the Office of Professional Responsibility of the FBI concerning Rowe's reported allegations; and (3) that Mr. Shaheen and his office review the Liuzzo murder prosecutions and take whatever steps he deems necessary to conduct an inquiry concerning Rowe's reported allegations in connection with that case. Mr. Civiletti also pledged that any resources required to conduct these inquiries would be made available.





THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

July 14, 1978

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

New Urban Initiatives Program Seeks to Upgrade Living Conditions in Public Housing: As a part of the Administration's coordinated approach to solving urban problems, you announced this week that \$209 million has been committed by HUD and three other Federal agencies to improving living conditions and the management of large urban public housing projects. Joining HUD in the project are the Departments of Labor, Justice (LEAA) and Interior. The program is limited to large public housing authorities with 1,250 or more units. There are 152 public housing authorities in this category housing almost three and a half million people.

Second Round of Urban Development Action Grants Accents Neighborhood Development: Grants totaling \$111.9 million under the Action Grant Program have been awarded to 35 cities for 39 joint public-private development projects. Neighborhood awards received \$48.4 million, the largest share of the Grants. The Grants are backed by more than \$465.1 million in private financial commitment and will create more than 13,000 permanent new jobs, retain 11,600 jobs, and generate 12,300 construction jobs.

Three States Declared Disaster Areas: Sixteen counties in Southwestern Wisconsin, another 16 in Minnesota and Grant County, North Dakota were declared disaster areas as a result of heavy flooding and tornadoes. Approximately 4,000 dwellings were either destroyed or damaged. In North Dakota and Wisconsin, the temporary housing responsibility has been assigned to the States.

Great Interest in Demonstration Program Serving the Chronically Mentally Ill: The Department's Demonstration Program to assist in the deinstitutionalization of the chronically mentally ill has attracted letters of intent to submit applications from 45 States, three times the number anticipated.

Department Issues Rural Task Force Report: A statistical story of rural Americans living in underdeveloped or distressed communities with overcrowded housing, housing without plumbing and seemingly outside the reach of government help was issued by the Department as the first step toward developing and improving the delivery of the Department's housing assistance and community development program to rural areas. The Department plans to select one or two rural communities in which to establish a demonstration "service center" which would assist residents in rural areas to take advantage of the Department's programs.

Department Distributes Status Report on the President's Urban Policy: At the request of Anne Wexler's office, the Department has distributed over 7,500 copies of the booklet: "An Urban Partnership to Conserve America's Communities." Distribution was made on a targeted basis, with copies going to the membership of groups and organizations most directly concerned with the new Urban Policy.

Pat  
Patricia Roberts Harris

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

July 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *for*  
SUBJECT: Major Departmental Activities, July 8-14

Discussions on Inflation Policy. In a continuing effort to develop support for the inflation program and explore other steps, I am meeting today with Tom Donahue of the AFL-CIO and will meet with Stu Eizenstat on Wednesday.

Rail Negotiations. With the assistance of the National Mediation Board, the unions and employers are getting closer to a settlement. When an agreement is reached, my staff will work with Barry Bosworth to cost it out. Stu and I have discussed the need to coordinate the Administration's response.

Postal Negotiations. The Federal Mediation and Conciliation Service and the Postal Service are on top of the situation. I am in touch with both of them and at the moment, there appears to be no need for me or you to get involved.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

July 14, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

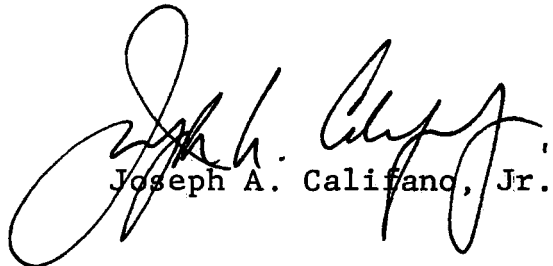
The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Elementary and Secondary Education. A slightly revised compromise on Impact Aid was offered by Carl Perkins during floor consideration of the elementary and secondary reauthorization legislation, and passed the House by a voice vote. We were also able to preserve the Title I concentration provision from a Republican attack. The bill which the Senate is likely to pass will be even closer to your proposals than the House version which, nonetheless, followed your major recommendations. Thus, with the Impact Aid compromise, an education bill should emerge from Conference that will give you an important legislative victory and which should be touted by the White House as a good example of Executive-Congressional cooperation.
- Error Rates. On Monday, I announced proposed regulations that would set a goal of reducing payment error rates to 4 percent or less in three major social programs and that would involve carefully targeted financial sanctions if States do not meet the specified goals. This would eliminate \$1 billion a year in waste in Medicaid (error rate presently 7 percent); Aid to Families with Dependent Children (error rate presently 8.6 percent); and Supplemental Security Income (error rate presently 5.2 percent). These regulations have been worked out in close consultation with the New Coalition.
- Phyllis Landrieu. I have met with Mrs. Landrieu, and am moving on the following course of action: Because the next scheduled vacancy on the National Council on Health Planning and Development is not until July 1980, we will move with the Senate Health Subcommittee to increase the size of the Council in the pending Health Planning reauthorization legislation, scheduled to be taken up on the floor next week. We will work with the House

Health Subcommittee to obtain a similar provision. Additionally, we are exploring the possibility of a position for Mrs. Landrieu on the Interagency Committee on Emergency Medical Services.

- Department of Education and Vocational Rehabilitation Bill. As you may know, the Senate Governmental Affairs Committee voted earlier this week to transfer the Rehabilitation Services Administration (RSA) from HEW to the new Department of Education, rejecting the strong arguments against this transfer outlined in my July 11th letter to Senator Ribicoff, which OMB cleared on behalf of the Administration.

Since we will lose in the Senate, our effort must concentrate on Chairman Brooks and the House Government Operations Committee, where hearings on the Administration Bill begin on Monday, July 17th. In my opinion, to head off the efforts of John Brademas to transfer RSA to the new Department and to win this issue in the House, we will need a personal statement of your strong opposition to this proposal, probably in the form of a letter to Chairman Brooks that can be widely circulated. We have talked to Harrison Wellford and Dick Pettigrew about this. They both share our concern and sense of urgency, and we will be working closely with them to work out the details of a communication from you to Chairman Brooks and perhaps others in both the Senate and the House.



Joseph A. Califano, Jr.



THE SECRETARY OF THE INTERIOR  
WASHINGTON

July 14, 1978

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

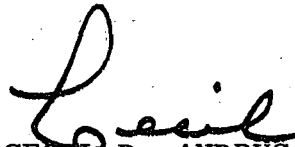
Subject: Major Topics for the Week of July 10

Our trip to Alaska was long, but very successful. Representatives of many of America's publications got a first hand look at the areas in our D-2 Proposal and will be supportive when the legislation goes to the Senate Floor.

I met with former Governor Hickel while in Alaska, and he indicated that if he wins the primary that he is going to ask for a meeting with you on the legislation. If this comes about, I should either be in attendance or brief you first. He is a developer of the highest degree.

"The Longest Walk" Indians are arriving and we have taken measures to provide food, shelter and transportation for them. At this point we do not expect trouble, but it could happen if outside human rights people get involved. We will monitor the activities closely and keep your staff advised.

Amy won the "Outstanding Tuna Award" for her age group. The certificate will be presented later, but you might want to tell her. Her fish weighed 25 lbs. and yours weighed 24 lbs. 8 oz.

  
CECIL D. ANDRUS



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

July 14, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of July 10

Highway/Transit Legislative Update - Legislative action this week included the first significant progress in the House towards a highway and mass transit bill that would be acceptable to the Administration. Faced with pressures from the Administration, the Ways and Means Committee, as well as the fear that floor action would severely cut their proposed funding levels, the Chairman of the House Public Works Committee agreed to propose a cut of nearly 10 percent from the Committee's \$66 billion four-year package when it reaches the floor. This reduction will eliminate 30 percent of the difference between the House bill and the Administration's position over the four-year life of the bill.

Privately, we are assured (and I understand that Chairman Johnson has given you similar assurances) that substantial further reductions will occur when the bill moves into conference with the much smaller Senate version.

Procedurally, the bill is still blocked in Ways and Means, which must approve the continuation of the Highway Trust Fund. The Committee is awaiting Congressman Gibbons' return from the hospital in order to permit him to vote on his proposal for restraint in applying Trust Fund revenues. This amendment is now unlikely to pass in light of the Public Works' reductions, and I am hopeful that we might avoid such a vote. Our focus is now toward the conference and the additional steps that must be taken to achieve a bill that you can sign. I am urging appropriate Committee Members on both the House and Senate side to promptly pass their bills since there will be a difficult conference and the authorizations for the Highway Trust Fund expire October 1st. I recommend that, if asked, you indicate that the Congress is now moving in the right direction, but there is still a long way to go.

DOT Efforts to Promote Women Businesses - In response to your July 10 memorandum, I am pleased to report that DOT has been the lead agency in promoting opportunities for women business owners. For nearly a year the Department's Federal Railroad Administration has had a contract with the National Association of Women Business Owners to identify female

businesses who can perform railroad work and to assist these businesses in getting contracts with the rail industry. It is my understanding that this is the first major effort of this type anywhere in the nation.

In addition, the Department's Minority Business Enterprise Order, which I signed on March 6th of this year, included women in the definition of the word "minority". This definition conforms with the requirements of the various railroad Acts and was based on my intent to assist all groups that have traditionally been limited in their participation in Federal programs. You should know that I have received strong criticism from the Black community, including public officials throughout Georgia, for including women in our DOT order. I will report to you with further details at the July 24 Cabinet Meeting.

Meetings with the German Minister of Transport - The German Minister of Transport, Kurt Gscheidle visited the United States this week. On Wednesday we signed a new cooperative agreement covering all forms of transportation, but particularly permitting technical exchanges on conventional rail transportation.

Gscheidle is Chairman of the European Community's Committee on Transportation which is developing a new Cargo Preference proposal. This proposal to the U.N. to be made in November would give 40 percent of all cargo to the fleets of trading partners and 20 percent to third flag carriers. At my urging Minister Gscheidle met with the Justice Department's Anti-Trust Division. Both Stu Eizenstat and I agreed that we had no maritime policy position that could be communicated to Gscheidle at this time, but Eizenstat's staff will convene a meeting of concerned agencies to develop a position in advance of the proposal announcement.

International Maritime Safety - As indicated in my memorandum of June 2, the Department's Coast Guard staff led the U.S. delegation to the London International Conference on Training and Certification of Seafarers which ended last week. Under the auspices of the International Maritime Consultative Organization (IMCO), the conference was held six months in advance in response to your March 17, 1977 message on Tanker Safety and Pollution Prevention. The conference adopted international standards on training and certification of seafarers, which represent a significant achievement in improving maritime safety.

Rail Safety - On Wednesday I announced final regulations to speed up compliance with tougher safety requirements for owners of railroad tank cars that carry hazardous materials. The new schedule calls for retrofitting various components of the existing 20,000 uninsulated pressure tank car fleet from six months to two years earlier than previously required.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

July 14, 1978

MEMORANDUM TO THE PRESIDENT

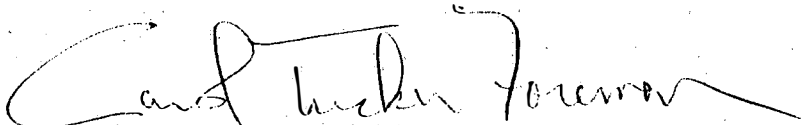
THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

SUGAR. This week the sugar industry met to plan their course of action. Most of the industry representatives want to continue the push for the Church Bill in the Senate, recognizing they have little chance in the House. Those from producing states that plant in October are anxious enough for action to compromise below the support levels of the Church Bill for the 1979 crop. Some are pushing for a simple extension of the current act. Most seem to expect the Administration to initiate a compromise meeting.

FOOD STAMPS. About 500,000 aged, blind and disabled SSI recipients in California will become eligible for food stamps on September 1. USDA's implementation plan will avoid the need for frequent visits to local offices and under the simplified rules of the Food Stamp Act of 1977, we will be able to use methods keeping down administrative and personnel costs as well as error and loss. We rejected California's attempt to receive special treatment and funding as a substitute for funding potentially lost by Proposition 13.

BEEF. The average retail price of choice beef is holding steady. The \$8 per hundred weight drop in the wholesale price was offset by record marketing charges.

  
CAROL TUCKER FOREMAN  
Acting Secretary



THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

July 14, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

Subject: CEA Weekly Report

GAO Regulatory Audit. Congressman Paul Rogers of Florida has asked GAO to audit the regulatory reform activities of CEA, the Council on Wage and Price Stability, and the Regulatory Analysis Review Group, particularly with reference to their activities affecting OSHA and EPA regulations. Staff from CEA and COWPS have met with GAO's officials and report them to be cooperative. You should be aware, however, that Congressman Rogers has asked GAO to consider a number of extremely difficult legal questions regarding the authority of the President and the members of the Executive Office to intervene in regulatory proceedings. I will keep you posted as this audit proceeds.

Humphrey-Hawkins. Stu's staff and my staff have thoroughly reviewed the Humphrey-Hawkins bill as it will go to the Senate floor and have found it to be extremely objectionable in several regards. Proponents of the bill, including the AFL-CIO and the Full Employment Coalition are equally concerned, and have threatened to withdraw their support for the bill if certain objectionable amendments are not eliminated by the Senate. Stu and I will be sending you shortly a memo discussing the options for the Administration's posture in the upcoming Senate debate on S. 50, and seeking your guidance.

Competition in Health Care. CEA's staff has called together a group of experts from within the government to identify and evaluate the possible vehicles for introducing greater competitive forces into the health-care system as part of your National Health Insurance program.

Regulatory Reform Review. CEA is working with OMB and other agencies to consider what steps should be taken to put new impetus into the regulatory reform effort. This review

will include consideration of legislative initiatives for the next Congress, and possible innovations within the Executive Office to better assure that the role of the President and his staff in enforcing regulatory reform objectives is accepted by the public and is effectively administered.